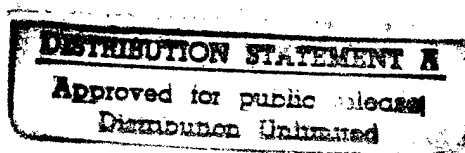


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18 August 1983



# Latin America Report

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18 August 1983

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No. 2726

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## PROPOSED HYDROELECTRIC PROJECT TERMED URGENT

La Paz EL DIARIO in Spanish 16 Jul 83 pp 20-21

[Article by Victor Pacheco Jimenez]

[Excerpts] In recent years, relations between Latin American nations have intensified as they joined together in a search for economic structures that would lead to mutual integration and development advantages and thereby contribute to the working, distribution and consumption of the vast natural resources which the American continent possesses.

This concept enables Bolivia to be competitive in the commitments it has with neighboring countries because of its geographic position and the enormous resources of its agriculture, livestock and hydroelectric potential provided by its rivers making up part of the Amazon system. Like the Beni, those rivers flow through the Department of La Paz, giving life to legendary lands of incredible natural wealth such as Ixiamas, where over 500,000 head of cattle may be found, Apolo and Puerto Heath, which have oil, chestnut trees, gold and fine wood, and San Buenaventura, the sugar cane empire.

The Beni River (1,610 kilometers), along with the Madre de Dios (1,448 kilometers) and Mamore (1,931 kilometers) rivers, constitutes the "hydrographic spearhead" and veritable backbone of the Amazon system of Bolivia.

It is an admirable natural gift requiring the attention of the government, which has done little or nothing to date to prevent the silting so harmful to navigation. Extensive dredging is required so that the Department of La Paz, and the rest of Bolivia as well, may enjoy optimum opportunities to obtain substantial economic advantages. Such advantages would result in active settlement and thus relieve the congestion of our main cities and achieve the economic balance that is possible along river shores.

Angosto del Bala hydroelectric project: Some 14 kilometers below Rurrenabaque, the Beni River has a width of 70 meters, making navigation difficult but at the same time, making it possible to exploit the river's hydroelectric potential. With a flow of 1,050 cubic meters a second, between 2 to 3 million kilowatts can be generated to meet a demand never before properly satisfied.

The largest electric power plant of its type will be located between 67°33' longitude west and 140°34' latitude south. The magnitude of the project

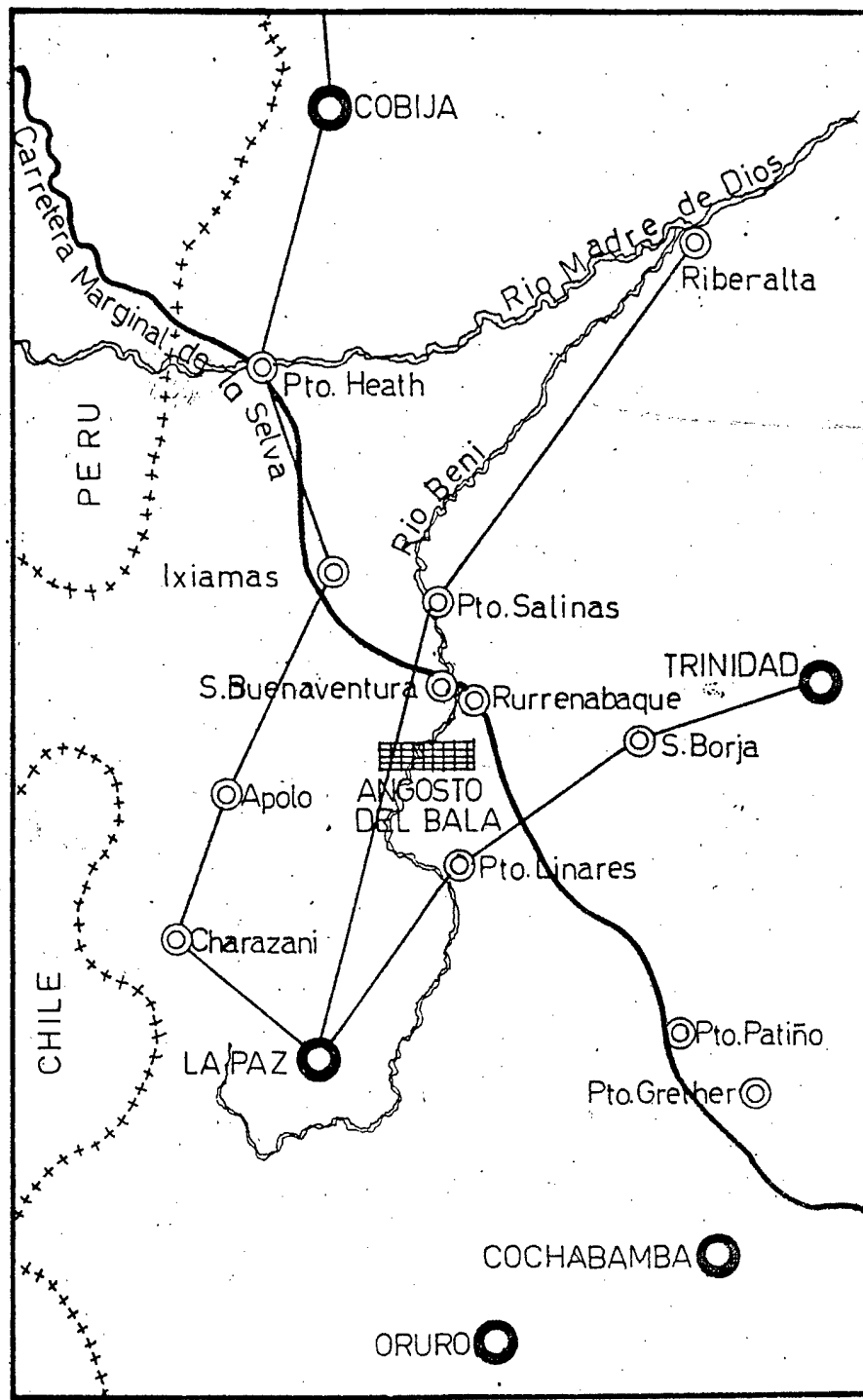
would require capital from the Inter-American Development Bank and the World Bank, based on the urgent nature of the objective but also considering the fact that any electrical industry is profitable if its maximum capacity is used by industrial, commercial, residential and rural users. Venezuela is currently involved in such projects with the Orinoco, as is the Dominican Republic with Lopez-Angostura, Brazil with the Emborcacao, Brazil and Paraguay with the Itaypu, Argentina with the San Nicolas and Ecuador with the Tahuin Project. The Department of La Paz would use the flow from the Bala to meet the needs of the departments of Santa Cruz, Beni, Pando and La Paz itself, in addition to northern Chile, southern Peru and the connection that would result from the Plata and Orinoco river systems.

La Paz seeks equality with national companies being built or to be built in Santa Rosa, Corani and Misicuni in Cochabamba, San Jacinto in Tarija, Cachuela Esperanza in Beni and ICLA [expansion unknown]-Pilcomayo in Chuquisaca.

Using the hydroelectric potential of the Bala would require technical, economic and financial feasibility studies, without forgetting access roads that would contribute to development, including: 1) the highway running along the jungle which would enter Bolivia at Ixiamas. There are no studies or plans for its continuation in Bolivia, although the Lima agreement has existed since 1965. 2) the Trans-Amazon Highway, that will link Bolivia via the Rio Branco-Cobija section (Amazon Cooperation Treaty of 3 June 1978). 3) La Paz-Cobija highway, given top priority since 1952 and since 24 January 1969 in the Ten-Year Plan, which priority was reiterated by the 13 May 1983 Decree-Law. 4) La Paz-Trinidad road, running from the plains of the legendary Moxos to the Tumupasa mountain range to the Ixiamas prairies, given top priority in 1969, which was reiterated in the 13 May 1983 Decree-Law. 5) La Paz-Riberalta road, also given priority by the 13 May 1983 Decree-Law. 6) the Transcontinental Santos-Arica highway, running across central Bolivia with its as yet incomplete Cochabamba-Santa Cruz section.

The Angosto del Bala Hydroelectric Project has many aims, including the development of over a million hectares of land in its vicinity and the provision of permanent river transport on the Beni River to Rurrenabaque.

The problem is an interesting and suggestive one because the project would enable the Department of La Paz to play a principal role through the intensive development of the 52 million hectares of excellent land which Bolivia has, according to the Keenleyside report, the creation of new sources of electric power, the working of petroleum in Puerto Heath and Apolo, declared to be of "vital importance" since 1952, and the hard-fought San Buenaventura sugar mill. The latter has had nothing but official silence since 1956, like the Bala Project, despite its importance, which has not been considered in any of the country's development plans. On this new anniversary of La Paz, the Committee on Institutions, the Defense and Development of La Paz must make a serious commitment to begin work. The amount of time required for construction is not important. What is important is for work to begin.



Roads providing access to the Angosto del Bala Hydroelectric Project area.



## DEFENSE MINISTER UNDERSCORES MAGNITUDE OF NATURAL DISASTERS

La Paz EL DIARIO in Spanish 25 Jul 83 p 2

[Text] The floods and drought that have hit Bolivia have left 1.6 million persons without means of subsistence, destroyed the homes of 25,000 persons, placed millions of head of livestock adapted for centuries to the ecology of the Antiplano in danger of extinction and resulted in the disappearance of seed from potatoes native to Bolivia, Minister of National Defense Jose Ortiz Mercado said in reporting to the people of Bolivia on the extent of the natural disasters.

Ortiz Mercado said that the effects of the natural disasters are especially evident in the steady rise in food prices and the rural migration to the country's cities and neighboring countries in search of food and work.

The minister explained that the disasters have not only been observed by various government agencies working in the areas affected, but by different international relief missions that recently visited the country, including the one headed by the world director of USAID, Peter McPherson (May 1983), the Canadian International Development Agency mission (June 1983), and the FAO/WFP/ILO mission from the United Nations. UN Secretary General Hugo Navajas Mogro also visited the country.

## Emergency

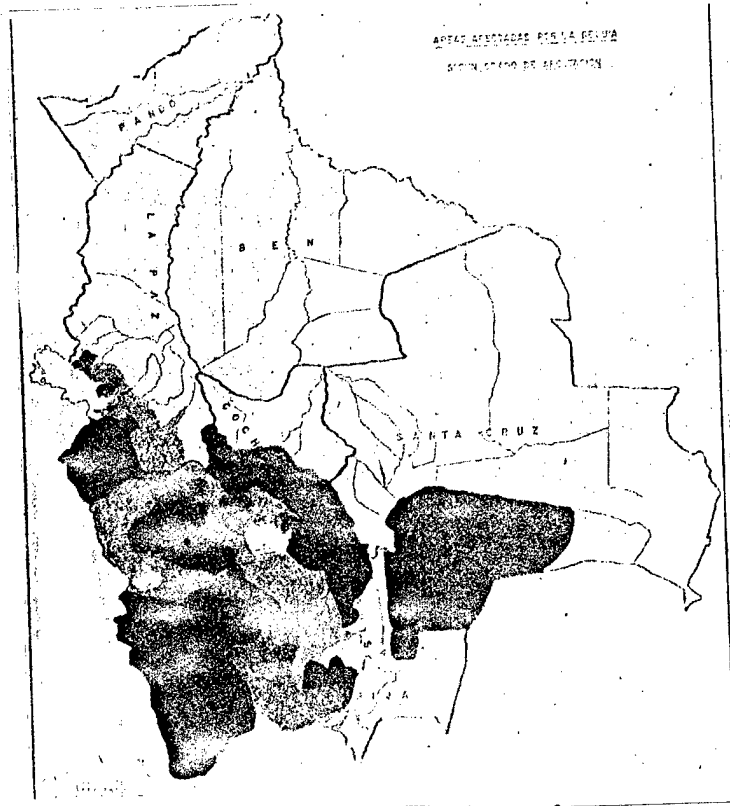
In describing the current situation, the minister of national defense said that between the end of 1982 and the beginning of 1983, there was a long period of acute drought that can only be compared with the one which occurred in 1878 and 1879. Shortly thereafter came the intense rainfall that caused considerable flooding in the lowlands.

## Consequences

Ortiz Mercado said, in describing the magnitude of the disasters, that the economic effects of the drought are multiple and complex. Losses of farmers and peasants from crops and livestock amount to \$328 million.

The minister said that of these losses, some \$308 million can be attributed to the loss of 900,000 metric tons of grain, potatoes and produce, and

## Areas Affected by Drought, Based on Degree of Harm



\$20 million to the loss of 4,000 head of cattle, 162,000 head of sheep and 68,000 llamas.

With respect to imports needed to meet the national food shortage caused by the drought, the minister of defense stressed that it will be necessary to import farm products worth \$219 million until March 1984. This sum is triple the usual amount of food imports a year, including donations from the PL-489 Program of the United States.

### Flooding

In referring to the natural disasters, the minister said that the Altiplano and valley regions have had the lowest rainfall in the past 100 years, while the Pirai River area, where the city of Santa Cruz is located, has had the most precipitation registered in recent years.

On 17-18 March 1983, it rained for 12 hours straight, with a total of 70 mm, causing one of the worst floods of the Pirai River and great damage.

The minister reported that the flooding caused the deaths of 100 persons and the disappearance of 30. Material losses are now an estimated \$37 million, but this figure will probably rise as the cost of repairing or rebuilding the infrastructure damaged or ruined is calculated.

#### Action Taken by the Government

Ortiz Mercado explained that in response to the national emergency described, the government has taken the following action:

1 -- It has decreed a state of disaster in eight departments. 2-- It has given priority for emergency action to regions most affected. 3-- It has drafted and is carrying out a National Emergency Plan of Rehabilitation and Reconstruction in order to aid the departments in question.

11,464

CSO: 3348/590

## RICE LOSSES IN SOUTH MAY FORCE IMPORTS OF \$100 MILLION

Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Jul 83 p 19

[Text] Brasilia--Agriculture Minister Amaury Stabile announced yesterday that the government may authorize the private sector to import about 400,000 tons of rice at an expected cost of \$100 million due to production losses caused by heavy rain in the South and a drought in the state of Maranhao.

Stabile took part yesterday in the Planalto Palace meeting with the National Security Council, where an evaluation was made of losses resulting from flooding in the states of Parana, Santa Catarina and Rio Grande do Sul. The agriculture minister assured them that the domestic supply of agricultural products is guaranteed, because a large part of the crop had been harvested.

The minister acknowledged, however, that the rains reduced by 3 million to 4 million tons the predicted harvest of 54 million tons, which he thinks could lead to higher prices for agricultural products.

According to Stabile, a preliminary survey verified the loss of 1.5 million tons of soybeans, 250,000 tons of rice and about 150 tons of black beans.

The minister also announced that the government may open a line of credit of about 15 billion cruzeiros to meet the needs of small producers in the southern states, the hardest hit by the flooding, and to assist producers in utilizing soil and purchasing new equipment. Stabile believes that the farmers of Parana, Santa Catarina and Rio Grande do Sul will be able to restore production, thanks to government measures such as the Basic Operating Cost (VBC) and minimum prices.

8834

CSO: 3342/164

## SPAIN'S SUSPENSION OF COFFEE IMPORTS MAY BE FOUGHT IN GATT

Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jul 83 p 22

[Text] Brasilia--The Brazilian Government may resort to GATT (General Agreement on Tariffs and Trade) to protest Spain's recent decision to suspend imports of Brazilian coffee, alleging that the trade balance between the two countries gives a decided advantage to Brazil.

Although Brazil does have a trade surplus, a diplomatic source told FOLHA DE SAO PAULO yesterday that this argument is "absolutely groundless and of no technical merit whatever." At GATT, the decision will thus undoubtedly favor Brazil.

Before going to GATT, however, the Brazilian Government will try to reach an understanding with Spain. Suspension of coffee imports could lead to a revenue loss of about \$60 million that the nation would have received from exporting 315,000 bags of coffee during the second half of the year.

To give an idea of the losses resulting from suspension of coffee sales to Spain, the same diplomatic source recalled that last year Brazil had a total income of about \$73 million from exporting about 582,000 bags. For this year, Spain had contracted to buy about 758,000 bags of Brazilian coffee, of which 443,000 bags have been shipped.

If indeed Brazil does protest to GATT about Spain, it will be the second time in the last 5 years. In 1979, using the same argument of Brazil's favorable trade balance, Spain imposed a surcharge on imports of a certain type of Brazilian coffee. Then in 1981 the specific surcharge was lifted and all types of Brazilian coffee were given a surcharge of 6 percent.

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CSO: 3342/164

## AGRARIAN REFORM CAMPAIGN TO BE LAUNCHED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Jul 83 p 6

[Article by Carlos de Oliveira]

[Text] Sao Francisco do Caninde, Ceara--The need for broad agrarian reform in the country was the main claim made by the 300 members of the Ecclesiastic Base Communities (CEBs) yesterday during the third day of the national meeting they are holding in Ceara. Representatives of the CEBs from all over Brazil described land disputes, generally resulting from the expulsions involved in major government projects, as the main reason for the struggle to be pursued in the future. In this connection, the communities are to embark upon a national agrarian reform campaign which was launched in Rio in April on the initiative of the Pastoral Land Commission, the Native Missionary Council, the CONTAG [National Confederation of Farmworkers], as well as the CNBB [National Conference of Brazilian Bishops].

Throughout the whole of yesterday, the groups analyzed the land question, and some observers went so far as to say that the simple implementation of the land statutes would suffice to settle about 6 million families, representing about half of the landless families in Brazil, according to an official survey. However, the application pure and simple of the statutes, promulgated under the Castelo Branco government in the 1960s, is not enough, the bishop of Crateus, Dom Antonio Fragoso, and the secretary general of the CNBB, Dom Luciano Mendes de Almeida, asserted.

## Tactical Problem

Dom Fragoso believes that the use of the land statutes "is a problem of a tactical nature. At the present time, it appears to many that it is not possible to achieve great, radical and massive agrarian reform in a single stroke. We must, then, begin by stages. It is possible that the implementation of the land statutes could be one stage in the process." In the opinion of the bishop, "the position of the CEBs in relation to agrarian reform derives from within the word of God, which these communities meditate and assimilate. They are persuaded that God made the land for all who need it, and that the concentrated monopoly of the land is a scandal and a blasphemy against God. We can call a reorganization in order to be in accordance with God's plan agrarian reform. Although it will never fully express the plan of God, it should be tried."

In the view of the secretary general of the CNBB, "the solution to the land problem lies in a more just distribution of it and also in the support given to the farmer, particularly the small farmer. I believe that the land statutes as they now exist alone are not enough. The present statutes leave room for expropriation in areas of social conflict. But it would be regrettable if the use of this clause were necessary to ensure that the land is distributed with justice, since even without social conflict, areas can be found where unjust distribution exists. Unless social conflict is taken to be the very evidence of injustice in distribution. It is true that the present statutes provide for a series of procedures which partially resolve the problem, but it would be better if the land statutes themselves were perfected, for example, in those parts which pertain to the situation of social conflict."

#### Society Should Not Wait

The bishop of Crateus, Ceara, Dom Antonio Fragoso, stated yesterday that "there is no hope that a drastic solution will be provided for Brazilian society spontaneously by the government." According to Dom Fragoso, "the classes which are dominated, the vast majority of the neglected people, have never been in the priorities or concerns of the government or the dominant classes. It is for this reason that I think that all of the projects drafted by a technocracy are always seemingly meant to resolve the problems of the people, but they really further concentrate power and decisions in the hands of the dominant classes."

Dom Antonio Fragoso, who is a participant in the Fifth National Gathering of Ecclesiastic Base Communities, believes that "Brazilian society is organized in pyramidal fashion, and the dominant classes at the apex of the pyramid are allied with the government, and the interests and aspirations of these classes are taken up and represented by the political authorities, by the government."

#### Front of Struggle

In the bishop's opinion, the base communities, which are demanding the building of a new society, represent "part of the neglected popular sector, and they do not have an exclusive or sectorial task. They must, along with all of the rest of the neglected people, create a kind of major front of struggle for the transformation of society. The CEBs, joining with these neglected people, would have a practical transforming function. Within this practice, there must be constant reflection, criticism, and thus gradual organization, with a view to occupying the space in Brazilian society stolen by the dominant classes."

The bishop of Crateus denies that this CEBs activity has an exclusively political connotation. "My arguments," Dom Fragoso said, "are based on my faith. Those who do not accept my faith will have a little difficulty in accepting my arguments. On the basis of my faith, the CEBs are small living churches at the base. They are the expression of the kingdom, but they are not the whole kingdom. The kingdom, that is justice and peace, respect for human rights, is realized within society, within political, economic and cultural

life. It is then of profound interest to those who believe in the kingdom of God and who serve it that society should organize and accept and try this kingdom. In this sense, the CEBs must inevitably be committed to the transformation of society, so that the kingdom can be realized."

#### Control

Dom Antonio Fragoso went on to reject the statements to the effect that the base communities have anything to do with the so-called people's church with a Marxist orientation. "This argument is being set forth all over the continent by the communications media, which are nurtured by the major news agencies. And these are controlled, on our continent, by the mother country. And we who are the back yard of the mother country are given this information. This image is interjected into our minds and we begin to think and to repeat the slogans of the mother country. Now for that country, the bipolar scheme predominates: the world is divided into Marxism and capitalism. Capitalism is Western and Christian, and communism is atheist."

According to Dom Fragoso, "this view, which has been patiently and scientifically incorporated into the doctrine of national security, created by the dominant cadres all over the continent, says that any nation is above all the elite in power."

5157

CSO: 3342/156

## EGYPTIAN FOREIGN MINISTER'S VISIT SEEN INITIATING THAW

Rio de Janeiro O GLOBO in Portuguese 18 Jul 83 p 5

[Text] Brasilia--Butrus Ghali, Egypt's minister of state for foreign affairs, is to make an official visit to Brazil in the middle of next month. The visit, the date for which has not yet been officially announced, will be the first step toward political rapprochement between the two countries after a period of cool but correct relations that followed the signing of the Camp David agreements between Egypt and Israel.

Butrus Ghali's official visit will be preceded by an Egyptian trade mission headed by Mustafa Kamal al-Sa'id, minister of economy and foreign trade, whose purpose will be to promote economic and trade relations between the two countries. According to Ambassador Mustafa Rateb Abdel Wabab, his country is now in a position to export oil, and this will certainly be one of the important points of the discussions the Egyptian mission will hold in Brazil.

## Relations

Minister Butrus Ghali's visit to Brazil will be the first by an Egyptian foreign minister since 1972, which was returned by Minister Gibson Barbosa the following year. It was beginning in 1979, however, that relations between the two countries passed through a cooling-off process.

In reaction to signature of the accord with Israel, the Arab countries, with which Brazil maintains close and cordial relations, severed relations with Egypt. Relations between those countries and Egypt, although still of an informal nature, have begun to improve and Brazil and Egypt felt that this was the proper moment for political rapprochement.

This rapprochement should also occur in the economic field. Trade between the two countries is still small--\$300 million in both directions--but, according to diplomatic sources, Egypt has good potential, with a sizable domestic market. Brazil is currently selling it soybeans, chickens, meat and replacement parts.

8834

CSO: 3342/164

## BUSINESSMEN FAVOR BELTRAO TO SUCCEED FIGUEIREDO

Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Jul 83 p 19

[Text] Sao Paulo--Helio Beltrao, minister of social security and paperwork reduction, is the preferred candidate of the most businessmen interviewed by EXAME magazine to succeed President Figueiredo in 1985. The poll will be published in the magazine's next issue, appearing on newsstands in Sao Paulo today and in Rio de Janeiro Monday.

Of the approximately 600 businessmen interviewed, 44 percent would like to see Minister Helio Beltrao in the presidency, while 32 percent prefer Vice President Aureliano Chaves. Among the top 10 votegetters is Rio de Janeiro Governor Leonel Brizola, with almost 10 percent of the votes, an outcome considered "surprising" by the magazine.

## Findings

Businessmen were interviewed in every state except Acre and Rondonia. Olavo Setubal, businessman and former Sao Paulo mayor, is the third choice, with 26 percent of the vote, and Minas Gerais Governor Tancredo Neves is fourth, with 23 percent.

Deputy Paulo Maluf, former Sao Paulo governor, led Interior Minister Mario Andreazza, 16 percent to 10 percent of the business community's vote. The ex-governor ranked fifth and the interior minister finished seventh. In sixth place was cabinet minister Rubem Ludwig.

Governor Leonel Brizola--in eighth place--had more votes than did three presidential hopefuls: Marco Maciel, with 8 percent (ninth place) and Antonio Carlos Magalhaes and General Costa Cavalcanti, who did not receive any votes and were not included in the magazine's "top 10." Tenth place went to businessman Antonio Ermirio de Moraes.

The survey of businessmen had another unexpected feature: Paulo Maluf and Mario Andreazza did not finish in the first two positions, as they did in all polls of the PDS [Social Democratic Party] convention delegates. Adding up all the votes, the actual figures of the poll are: 1. Helio Beltrao, 44.7 percent; 2. Aureliano Chaves, 32.6 percent; 3. Olavo Setubal, 26.7 percent; 4. Tancredo Neves, 23.9 percent; 5. Paulo Maluf, 16.7 percent; 6. Rubem Ludwig, 11.1 percent; 7. Mario Andreazza, 10.3 percent; 8. Leonel Brizola, 9.7 percent; 9. Marco Maciel, 8.4 percent; and 10. Antonio Ermirio de Moraes, 7.3 percent.

## METALWORKERS' HEAD ON 21 JULY STRIKE GOALS, PROBLEMS

Brasilia CORREIO BRAZILIENSE in Portuguese 17 Jul 83 p 9

[Interview with Joaquim dos Santos Andrade ("Joaquinzao"), president of the Sao Paulo Metalworkers Union, by Gilberto Dimenstein, associate editor of VISA0, in Sao Paulo: "Radicals Will Manipulate the Strike"; date of interview not given]

[Text] Sao Paulo--There is a land called the Sao Paulo Metalworkers Union, with 72,000 members--the largest labor union in South America--representing close to 350,000 workers. With assets of over 1 trillion cruzeiros, its income for this year could arouse envy in the majority of Brazilian mayors: 10 billion cruzeiros. Since 1965, this land has been ruled by one of the most astute leaders in the history of the Brazilian labor movement, Joaquim dos Santos Andrade, "Joaquinzao." Accused by the Left of being an agent of management and the state during the years of repression, he ended up receiving the support of the Brazilian Communist Party and the MR-8 [8 October Revolutionary Movement]--and at the same time joined the PTB [Brazilian Labor Party], making himself even more unbeatable at the polls. With the same adroitness, he moves easily between Sao Paulo business circles and top authorities in Brasilia, which makes him one of the extreme Left's favorite targets.

Maintaining a moderate and, when necessary, radical position so as not to lose his standing, Joaquinza0 has become one of Sao Paulo's major labor leaders, a position aided by the extremist leaders of the Workers Party, currently engaged in launching a confrontation with the government. One of the leading organizers of the general strike scheduled for 21 July, he expresses concern about the hooliganism that might develop from the movement, demands that the government decree a moratorium and asserts he will sit down at the same table with Planning Minister Delfim Netto, should the government need support for more substantial changes in economic policy. At the same time he prides himself on having predicted that nothing would come of the agreement between the PDS [Social Democratic Party] and the PTB. "I warned them it was an agreement with swindlers."

[Question] Couldn't the general strike jeopardize the process of political liberalization as a result of the nation's climate of political and economic instability?

[Answer] As is any strike, this general strike is a very risky undertaking. For that reason, the most responsible elements of the labor-union movement are anxious that this strike serve as an example, as testimony that the workers want to be called upon to discuss the major national issues. We want to protest against what is being done. This latest package [of government decrees], for example, is a blatant affront to the people and the National Congress. But our main concern is that the movement not erupt into rioting or hooliganism. It must be kept under control.

[Question] Then there really are groups who would like to see this strike end up in rioting. Are these groups of the Right or of the Left?

[Answer] I don't know whether they are of the Right or of the Left. One never knows where they are coming from, if only because they are extremists. It is hard to know where an assault is coming from. Against reactionaries of the Left and the Right we are making arrangements for the strike to be a peaceful, organized, dignified demonstration.

[Question] Are there groups seeking confrontation with the government, confident that the balance of power is in their favor?

[Answer] Not among the people with whom I work. There is a consensus among the leaders of this union and of many others that these are very serious times. Confrontation could only make matters worse. But we do want to demonstrate that the worker is desperate and protests against the decisions made recently.

[Question] Couldn't the state's explosive situation, with growing unemployment and the high cost of living, cause the rank and file to get out of control, as happened in the April rioting?

[Answer] Fringe elements, people who are not even workers and who would stop at nothing, are being infiltrated into the ranks of our workers. Moreover, among union members there are some persons who openly propose violent measures, certainly contemplating confrontation with the government. I feel, however, that when the more responsible leaders of the union movement take over the reins of the strike these people will be neutralized. What could indeed occur is that some of the less-militant labor leaders could be overruled by the members of their union who are eager to stage the protest. There are labor leaders who have not spoken out against the wrongs that are being committed against the working class, the purges [of certain items from the cost-of-living index upon which wage adjustments are based], the de-indexation [of wages]. The rank and file could thus go over the heads of their leaders and call a strike.

[Question] There seems to be a serious attempt at manipulation by the parties of the Left--the PCB [Brazilian Communist Party] and the PT [Workers Party]--to take over the reins of the labor movement. Wouldn't this sort of manipulation misrepresent the real purposes of the strike?

[Answer] The general strike and other events that might result from it are already very much on the workers' minds; all this may not yet have sunk into the minds of those who lead the minor parties. Good sense dictates that the movement open up

in search of channels of communication and not play into the hands of those who want to transform liberalization into reaction, on the excuse that political liberalization justifies confrontation and confrontation justifies reaction. I believe political liberalization is irreversible.

[Question] Was it the latest package, which reduced even more the cost-of-living adjustment for the lowest-paid workers, that motivated the general strike?

[Answer] It certainly was a factor. And that is why the strike must be conducted very carefully, so that it does not serve the purposes of the hooligans or others who, by means of some decree-law, are looking for excuses to justify an end to liberalization.

[Question] Will the strike just be in Sao Paulo or will it be nationwide?

[Answer] As of now, it is practically impossible to have a nationwide strike. In many regions the workers do not have the same level of organization. I believe that in some states, in a localized way, there may be a strike. But, according to any information I have, the bulk of the action will be in Sao Paulo.

[Question] Then what is the purpose of this strike?

[Answer] Objectively, it is a protest against the purges, against the de-indexations. It is a protest against the accelerating loss of purchasing power by the working class. The strike goes beyond that: it intends to show that we demand a moratorium of the foreign debt. We don't want to see our industrial plant become a scrap-heap. We must declare a moratorium and pay whenever we are really able. We are not proposing repudiation of the debt. But we want to be in a position to assure our development, create resources with which we will pay our debt, thus avoiding the sacrifice of the workers in a crisis that is not their fault.

[Question] Let us suppose that Brazil does declare a moratorium; how are we going to get dollars to pay for wheat or petroleum?

[Answer] There are friendly nations that would be willing to set up a barter arrangement with Brazil, reviving our economy. We would be in a position to strengthen such arrangements.

[Question] A moratorium would require public support for the government, which, without the nation's trust, would have a hard time imposing greater sacrifices peacefully.

[Answer] I don't doubt that. And the Brazilian people have never run away from dialogue with the government. I am sure, moreover, that the moratorium is already on the minds of many honorable people in Planalto Palace. What has been lacking is an expression from the people favoring such a measure. I'm not talking about a sudden unilateral moratorium. We want something negotiated, which can only occur with the support of the people.

[Question] Does this mean that Joaquim dos Santos would have no problem in sitting down at the same table with Delfim Netto and supporting him?

[Answer] I would not find it at all easy to sit down with Delfim. But, as the saying goes, in honor of the saints, the very stones are kissed. I would sit down with anyone, together with my comrades, to discuss solutions for the nation.

[Question] Is this the position of the working class in general?

[Answer] In the crisis we are facing, it is necessary to establish mechanisms for participation, whatever the cost.

[Question] Does this mean that a so-called social pact is in the works?

[Answer] There are two occasions upon which solidarity is present: in love and in adversity. In love, the government, employers and workers have not been able to get along well together. But in adversity they should at least try. And Brazil is going through a time of adversity. In sitting down at a table with government and employers, we would be furthering measures in which the sacrifice of the crisis is shared among all and is not simply piled on the backs of the workers.

[Question] When this concrete discussion is held, will the presidential succession be redefined? Or, to put it differently, will the next candidate have to have the endorsement of all groups instead of only the PDS?

[Answer] The labor-union movement does not support or oppose individuals. It is more concerned with principles. One of the topics to be discussed at such a meeting would certainly be reestablishment of direct voting for the next president.

[Question] Is this also the position of your party, the PTB?

[Answer] I do not speak as a party leader because I am, first and foremost, a labor-union leader. I believe this is the goal of the Sao Paulo Metalworkers Union.

[Question] How do you now view the agreement between the PDS and the PTB?

[Answer] From the beginning--and this has been reported in the press--I expressed opposition to the agreement. I always added, however, that I am in favor of agreements, a practice which should be routine in democratic countries. In regard to this agreement, however, I was opposed. I asserted, and it can now be seen that I was right, that we should not make a pact with the PDS. It was the same as lending money to someone who had no intention of repaying it. They would never comply with measures favorable to the worker. As the PDS has not met its promises, the PTB need not fulfill any commitment to the PDS.

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## CEB MEETING FOCUSES ON BUILDING NEW SOCIETY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Jul 83 p 10

[Article by Carlos de Oliveira: "CEBs Close Meeting and Propose New Society"]

[Text] Fortaleza--Although outsiders may have seen nothing new in the Fifth Inter-ecclesiastic Meeting of the Ecclesiastic Base Communities [CEBs]--after all, complaints about land and labor are neither new nor expressed exclusively by the CEBs--for those inside the movement, the meeting was a significant qualitative leap.

Without again suffering through the identity crisis which gripped them during their earlier interecclesiastic meetings, the CEBs refrained from self-interrogation and went away determined to carry out their major project: construction of a new society, a kind of new socialism of which no one can as yet quite discern the outlines.

Only one thing is really certain: this new society will have no room for capitalism in its present form, since it has been exorcised by the church, or at least by its more progressive sectors. And this disposition became clear on the very first day of the meeting, when the theme around which the CEBs would center their discussions was presented: "CEBs, the People United, Seed of a New Society."

As a matter of fact, if a new society such as the one preached by the church were analyzed more deeply it would not amount to anything new either. It is the already much-discussed "third way," an alternative model to laissez-faire capitalism and Marxist collectivist forms, both of which were condemned by the Latin American bishops at the Puebla Conference in 1979.

## Two Systems

On that occasion the bishops asserted that "laissez-faire capitalism and the temptations of Marxism seem to have exhausted in our hemisphere their possibilities for transforming economic structures. Both systems assault the dignity of the human person. One is based upon the primacy of capital, its power and its discriminatory use in pursuit of profit. The other, although ideologically supportive of humanism, looks first to the collective man and in practice translates into totalitarian concentration of power in the state."

In the fifth meeting of the CEBs, held in Caninde, Ceara, the communities resumed this discourse, although in a more practical, less intellectualized way. In the

meeting's final document--Charter of Caninde--to be distributed to all the nation's CEBs, the communities explain the need to construct a new society in the following way: "Because God wants it, because Jesus Christ preached it and because the Holy Spirit inspires us."

According to the text, "God's plan is that all of us consider ourselves his children, that we love one another like brothers and that we put the fruits of the Earth at the service of everyone's needs. God has made an alliance with us, for us to live in justice, in law and in fraternity. If there are poor among us, it is a sign that the alliance has been breached. And if the poor cry out, God listens, denounces our sin and calls for society to be converted and changed. There should be neither rich nor poor, but everyone working and cooperating together for the good of all."

### Proposals

The CEBs emphasized that the reasons leading to the proposal of a new society are known to all: "As now organized, society is evil and corrupt and produces more and more poverty and the death of the poor among our people. If the reason for everything is to generate life, defend life and foster life, then this society can endure no longer.

"We have discovered in our exchange of views that other Christian churches are committing themselves to cutting down this tree of death and are uniting to plant, fertilize and water the tree of life.

"Other movements and many other comrades, even if not thinking in terms of the Gospel, are also fighting for the life of the people. As can be seen, many crave liberation. We Christians of the base communities want liberation within faith, the liberation that is found in the Gospel and in our acceptance of the Kingdom of God."

The language of the document is similar to that of liberation theology, a blend of political and theological discourse that many contend is pure sociology. And in summing up the new society preached by the CEBs, one of the liberation theologians at the meeting, Brother Clodovis Boff, declared that "what really exists is a dream, a utopia."

In his opinion, "this question of the Kingdom of God, the new society, is a dream, a utopia, impossible to achieve in concrete political terms. The new society is achieved only through historic projections. But it is an element of hope that inspires struggle. It is a star, and every people must have its star. The communities thus have this great star which is called the Kingdom of God. If there is anything messianic in this, it is the biblical messianism in which the Messiah is He who died on the cross, not to fulfill an abstract will of God, such as death, but as a consequence of a practical commitment to the message of liberation."

### Climate

Besides the question of the new society, the CEB meeting, according to its participants, helped clear up somewhat the climate that has developed around the base

communities and the so-called "People's Church" that exists in some countries of Latin America, especially in Nicaragua, where the people are in conflict with the local Catholic hierarchy. This People's Church, in the opinion of some wings of the CNBB [National Conference of Brazilian Bishops], does not respect the word of the Pope and has a clearly Marxist inspiration.

But judging by the lack of restraint with which the CNBB secretary general, Dom Luciano Mendes de Almeida, participated in the 5 days of the Caninde meeting, the much-feared divorce of the CEBs from the bishops of Brazil has been averted. Dom Luciano himself denied that the CEBs had this intention, but also insisted upon limiting the ultimate purpose of these communities. According to him, they are primarily religious and their political action arises secondarily from the demands of the Gospel.

In any event, from what can be inferred from the meeting, there is really a separation between the bishops and the parishioners of the church. But this separation is an example of the reverse side of the Peoples Church. The CEB members, and even some of the 33 bishops present, besides the theologians, asserted that this divorce stems generally from sectors within the hierarchy itself "who do not accept a new way of life for the church, are not abreast of the CEB experience and prefer to retain the old style of parishes, with their bishops and priests on one side and an amorphous mass on the other.

"The CEBs want the bishops at their side, but bishops who participate in their struggles," and the majority of the Brazilian episcopate understood and responded to this request. Brother Leonardo Boff, one of the best-known names in liberation theology, summed up the situation in a phrase: "The point is not whether the people can get along without bishops, but whether the bishops can get along without people."

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## MONTANE SCORES U.S. 'ANTI-CUBAN' POLICIES, RADIO MARTI

Havana GRANMA in Spanish 6 Jul 83 p 5

[Text] (Speech delivered by Jesus Montane, alternate member of the Politburo and member of the Secretariat of the party's Central Committee, at the main ceremony marking the opening of the 26 July Ideological Drive, held at Bayamo, in Granma Province, on 1 July 1983, Year of the 30th Anniversary of Moncada.)

"Comrades:

"Today marks the beginning of the traditional, combative 26 July Ideological Drive all over the country devoted this year to a commemoration of the 30th anniversary of the storming of Moncada and Carlos Manuel de Cespedes Barracks. On this occasion, we have selected this Granma Province, replete with history, and, as a stage, this museum-park bearing the glorious name of Nico Lopez, a combatant at Carlos Manuel de Cespedes Barracks, inextricably linked with that heroic feat, to start the activities that will take place throughout the length and breadth of our country, as a salute to that significant date.

"We are greeting this new anniversary during a particularly important period for the revolution, typified by the persistent struggle that the Cuban people are carrying out for the sake of the country's economic development, and at a time when our defense capacity is being reinforced, in view of the threats of aggression of which we are a target on the part of the imperialist government of the United States.

"On this occasion, the drive will be directed essentially toward backing and giving an impetus to two major tasks in which our people are engaged: production and defense; and its results must be translated into concrete accomplishments reflected in greater production and productivity, in a heightening of the consciousness of saving, in an increase in combat readiness and training of our troops and, as always, in the intensification of the revolutionary, patriotic and internationalist spirit of our people.

"As Comrade Fidel has pointed out, the Cuban revolution was precisely the result of the combination, the hybridization of a tradition and an experience peculiar to our country, with the essential ideas of Marxism and Leninism. That assertion has been confirmed in our concrete reality, in our history and in our own Cuban political process, very similar to that of other neocolonial and dependent countries, wherein the class struggle and the need for social revolution have been overlapped for the purpose of attaining full national liberation, freeing the country from imperialist guardianship, and culminating the endeavor for independence by its predecessors.

"It is for this reason that our revolution, deeply patriotic and anti-imperialist from its beginnings, had as its orientation the only doctrine capable of addressing the needs of a process of this type in the contemporary era: Marxism-Leninism.

"It was, precisely, the universal ideas of Marx, Engels and Lenin that contributed to the enhancement of the teachings left behind by Marti for our people: his ardent patriotism, his impassioned love of freedom, dignity and honor of the individual, and the value of his revolutionary preaching wherein lay the moral grounds and historical legitimacy of our armed action.

"While the universal ideas of Marx, Engels and Lenin helped to enhance Marti's teachings, we were also inspired in our struggle by the exemplary daring of Cespedes who, with a handful of men, started the fatherland's war for independence; by the example of Generalissimo Maximo Gomez, the Dominican who cast his lot with his Cuban brothers; by that of Agramonte, all courage, intellect and combative spirit; and by that of Maceo, symbol of the heroic independence struggle and of our people's revolutionary intransigence, whose indomitable lineage, courage and faith in the destiny of the fatherland and revolutionary integrity have been engraved in the nation's history and summarized in virile fashion in a sentence which, even today, retains its historic force: 'Anyone who attempts to seize control of Cuba will reap the dust of its soil steeped in blood, if he does not perish in the battle.'

"The glorious feat of 26 July was the conduit through which the desires for independence raised aloft in the insurgent jungle became linked with the necessity for economic, political and social emancipation which was already a reality in prerevolutionary Cuba, wherein the masses had been deprived of their most fundamental rights.

"Hence, the rebel action of 26 July was not an isolated, fortuitous event amid an inhuman and unjust society, but rather stemmed from a process of development and maturation of our country's political and revolutionary consciousness and thinking, created at the beginning of the 19th century when the United States' ambition to annex our country was cut short by the war cry of 10 October at La Demajagua.

"The struggle since that time has been long and persistent. At the cost of the blood and sacrifice of countless heroes and martyrs, Cuba had to take the last 3 decades of the century to construct over the ruins of Zanjón our people's definitive revolutionary consciousness, aroused by the protest of Baragua and confirmed by the Manifesto of Montecristi: that revolutionary consciousness which was renewed before the walls of Moncada and in the spirit of redemption which carried in the yacht 'Granma' the same ideals of the rebellious, independence-oriented past.

"At Moncada the just, necessary feat of emancipation that Marti had upheld received new vigor; the legacy of his doctrine nurtured the determination and courage of that group of young revolutionaries who, while at the master's tomb, offered themselves as a magnificent compensation for his offended memory.

"Rightfully considered the most universal Cuban of his era, Jose Marti had the extraordinary merit of realizing in time that our country's political liberation would be an incomplete, vulnerable endeavor if it was not accompanied by economic independence.

"Understandably, these ideas have become associated with the tasks of the agrarian, democratic, anti-imperialist revolution which constituted an imperative necessity in view of our national situation. Hence, it is no coincidence that, in his historic claim that 'history will vindicate me,' and in defining the vanguard program for national liberation that would lead to the conquest of power and become a battle flag in the struggle against the tyranny, Fidel proclaimed Jose Marti as the intellectual perpetrator of the storming of Moncada Barracks.

Like None of His Contemporaries, Jose Marti Managed to Discover the Monstrous Nature of Imperialism

"It was Marti who contributed to the Cuban revolutionary heritage his correct interpretation of the rapacious nature of imperialism, and of the danger represented by Yankee expansionist ambitions to the independence of Cuba and of our America. Like none of his contemporaries, he managed to discover the monstrous nature of imperialism, and to warn the American people themselves and the rest of the countries on the continent that, once they had been emancipated from the Spanish mother country, they were at the mercy of imperialist greed: 'A change of masters,' he remarked, 'does not mean being free.'

"Marti was a political personage with universal dimensions, whose thinking and action were to be projected with remarkable timeliness to the problems of Cuba and Latin America during this century, constituting the ideological foundation on which our revolutionary conduct was built.

"Marti cleared the path toward an understanding of the fact that the origin of the exploitation, oppression, inequality and poverty being suffered by our people lay in the exploiting policy of the Yankee imperialists, who were cheating us out of our wealth and imposing their sinister designs on our degraded, subjugated fatherland. And although that contradiction between our people and the imperialists was not yet clearly perceived by the masses, steeped in great ignorance, it did become obvious to a generation which, bearing within itself the self-respect of many men, was willing to continue Jose Marti's redemptive endeavor during the year of his centennial.

"Whereas the master's revolutionary thinking was the seed of national independence for us, it was also a forger of our internationalist and Latin American-oriented consciousness, materialized in the revolutionary era that was beginning.

"He said: 'The fatherland is mankind'; and that comment expressed his assessment of Cuba's problems as a more immediate part of an action with continental and even universal projections, dissociated from any narrow nationalism or sterile individualism.

"Marti conceived of the individual struggles of Cuba and Puerto Rico as part of a strategy aimed at cutting off imperialist expansion into the suffering republics of our America, and he devoted the last energy of his courageous, fruitful existence to that end.

"His herculean effort for the sake of the unity of Cubans, the founding of the Cuban Revolutionary Party and the organization of the war under unusual, difficult

circumstances, faced with slander and defamation from his political foes, constituted an inspiring lesson for us, which made us realize that, without forceful, steadfast, determined, daring and intelligent struggle, and without the courage to make timely decisions and to confront all risks, the revolution could not make its way in our fatherland.

"So, simply and silently, as real men confront the greatest exploits, Marti undertook the task of organization, preparation, and continuation of the liberating battle that had been interrupted in Zanjón, without aspiring to any honor other than the realization that his fatherland was free and the building of a republic over the ruins of colonialism with everyone and for the good of everyone.

"The one who made the struggle for the liberty of the great Latin American and Caribbean fatherland the meaning of his life, and who was the custodian of the ideology of the forerunners of continental independence (San Martín, Morelos, Sucre and Bolívar), wrote with his dedication to the noble cause of our countries' emancipation a beautiful account of courage, altruism, virtue and modesty, which became an inspiration and encouragement for our revolutionary destiny.

"Today, 130 years after José Martí's birth, and 3 decades after the heroic action at the Santiago and Bayamo barracks, dedicated to vindicating his memory and renewing his example, we proclaim with infinite conviction that there is not, and never will be any contradiction between our Martian ideology and our Marxist-Leninist principles or between our patriotic sentiments and our internationalist destiny; because Martí's doctrine is the ideological vitality which nurtured the first revolutionary unrest of several generations of Cuban fighters, and became a premise for the subsequent understanding of the economic, political and social phenomena of which we have become fully cognizant since our Marxist-Leninist training.

"Revolutionary, anti-imperialist fighters of the continental dimensions of Julio Antonio Mella and Rubén Martínez Villena, who embraced the Marxist-Leninist ideology early, fed with Martí's preaching their political commitment to the fatherland and to their time, to make the master's ideology an inextinguishable battle flag.

"The radical, virile presence of Antonio Guiteras, representing the most unsullied, honest quality of our national consciousness in the subjugated republic, confirms the ideological continuity of the process of our people's political maturity, which had as a necessary starting point the patriotism, anti-imperialism and revolutionary ardor bequeathed by José Martí.

In the action and thinking of Mella, Villena and Guiteras, there crystallized, in their time, the masses' revolutionary consciousness, which gradually arose over the stifling atmosphere of imperialist domination, exploitation and political oppression to which our people had been subjected.

"That action and that revolutionary thinking definitively matured in the unique personality of Fidel Castro, whose correct interpretation of Martí's doctrine and early identification with Marxist-Leninist theory, have marked his decisive, stimulating role in the course of Latin American history, which had an impressive start in the action that he headed on a bright 26 July.

"That understanding by Fidel of the need for confronting with arms not only a current dictatorship, but also the neocolonialism imposed by the Yankee imperialists, brought about, at an early date, the direction and nature of a struggle that would conquer our fatherland's final independence, making Cuba a shining, stimulating example to the unredeemed peoples of America.

"Thirty years after the action at Moncada and Carlos Manuel de Cespedes, and 25 years after the victory of the revolution, the principal enemy of our people is still, as in the past, Yankee imperialism.

"Since the last century, the imperialists have been rabid foes of our independence, our sovereignty, our nationhood, our culture and the Cuban people's right to self-determination and to the fulfillment of their legitimate historic goals.

"Nevertheless, the patriotism of our men and women served as an impregnable barrier to the mortal danger represented by American intervention in 1898. The moment that the United States awaited for so many years had arrived: The Yankee greed, based on the 'law of political gravitation' or the 'ripe fruit policy' could finally become materialized in the disgraceful plotting of the first war of imperialist plunder known in history: the Spanish-Cuban-American war, an ideal expedient for implementing the theory of 'manifest destiny.'

"With the American military occupation, which offered the Yankee monopolies the opportunity to fulfill the aspirations for exclusive control of the island, the way was cleared to convert the former Spanish colony into an American neocolonial possession. After 4 years of occupation, which laid the groundwork for that process, when the Yankee troops left our country, they made a claim, by means of the constitutional appendix of the Platt Amendment, to their legal right to intervene in Cuba, at their convenience, and assumed the prerogative of building coal bases and the Guantanamo Naval Base.

"Hence, it is not surprising that for nearly a century the United States Government has adopted the most desperate and unjust measures to impede Cuba's independence, to dissipate our national sentiment, to destroy our culture and personality as a people and to make our country an adjunct of the American nation.

"First, at the beginning of the 19th century, they established a permanent blockade against Cuba, the focal point of which was precisely intervention. Then they stole the independence during the Spanish colonial era, definitively thwarting it during the epic events of 1895. At the time of the subjugated republic, they stifled any possibility for development; and, finally, during the past 23 years, they have imposed a criminal economic blockade on our fatherland, for the purpose of deterring the unrestrainable progress of the revolution and curbing our people's creative endeavor.

"For this reason, in reviewing these past 25 years, we cannot disregard the real fact that the Cuban revolution has had to confront not only the difficulties produced by the entire process of economic, political and social changes such as ours, but also, and with dignity and heroism, the attacks and maneuvers of the imperialists, which have prompted part of the inveterate Yankee policy aimed at attempting to tie our fatherland's destiny to the economic, political and military interests of the United States and to hamper the fulfillment of our people's most just aspirations.

During the 30 Years That Have Elapsed Since the Storming of Moncada Barracks, Our Patriotic Spirit Has Become Consolidated in the Consistent Practice of Proletarian Internationalism

"During the 30 years that have elapsed since the storming of Moncada Barracks, our patriotic spirit has become consolidated in the consistent practice of proletarian internationalism; while at the same time, our people's Marxist-Leninist, revolutionary consciousness, their education and their political culture have strengthened us against the futile efforts of the imperialist enemy to undermine and destroy the example of our revolution.

"We reach this glorious date proud of how much we have progressed, and of having been builders of a socialist society; convinced of the enormous responsibility that this entails, and of having been witnesses to, and active executors of the most radical, decisive and beautiful changes every experienced by Cuban society in its entire history.

"Cuba has taken a position on the highest echelon of the historic process on this continent, and has marked a starting point for the necessary, inevitable shift among all the Latin American and Caribbean peoples. With Cuba, socialism has become rooted forever in the Western hemisphere as an undeniable reality which, sooner or later, will be assumed by the peoples bent on breaking the imperialist domination, retrieving full national sovereignty, undertaking the reclamation of natural resources and building societies with true social justice and full democracy for the majorities.

"That example, which the imperialists have not destroyed and never will succeed in destroying, has exacerbated their hatred for Cuba, and has fostered their constant attempts to warp the socialist direction of our revolution.

"At the present time, the Yankee aggressiveness is erupting again, and an anti-Cuban policy is being pursued, which has assumed particular violence under the current administration that has taken on the most ultrareactionary, war-mongering and neo-fascist elements in the United States.

"The brazenness with which it is now proclaiming the possibility of invading our fatherland and converting it into the 51st state of the union, as well as the attempted war of the air waves against Cuba, through the so-called Radio Marti, constitute the greatest insanity of the present Yankee administration.

"The political ignorance and lack of restraint of the small group holding power in the White House have caused it to make the unforgivable historical mistake of establishing a subversive, anti-Cuban broadcasting station with the illustrious name of the one who, with keen, critical, revolutionary insight, and early, issued a warning about it to the peoples from the Rio Grande to Patagonia.

"They can wield his name with hypocritical intentions, but they will never be able to discredit the ideas, thinking and action of Jose Marti who, even now, is inspiring our people in their revolutionary endeavor and is encouraging the internationalist contribution of thousands of Cubans under other skies in the world.

"The fact that Jose Marti's name has been invoked by an exploiting, ultra-reactionary government allied with the world's most repressive and bloody regimes constitutes an affront to his memory and to the dignity of our people; but, more than that, it is a sign of the senility, disrespect and ignorance of the present Yankee rulers.

"Now more than ever, Marti's slogan, '...the only way to conquer imperialism in the larger nations and militarism in the smaller ones is for everyone to be a soldier,' has assumed complete effectiveness. Today, there is in Cuba a people who are hardened, courageous and in uniform; and who with the same passion with which they love the accomplishments of their revolution, are also capable of dying to defend them.

"Let the enemies of the revolution know that, if they were unable to attain their goals of annexation in the past, they will have less of a chance of achieving them now, when we are an entire people determined to defend their rights to independence, sovereignty, socialism and peace, with rivers of blood if necessary.

"As followers of Marti and Marxist-Leninists we must strive with all our might on behalf of peace and the development of the oppressed peoples, and in the defense of a future which must belong entirely and unquestionably to socialism.

"Today, curbing the precipitous imperialist arms race and heading off their criminal designs is the most urgently needed and vital task of mankind; and all our people must find a way of holding a vanguard position in that endeavor.

"Now more than ever before, the slogan 'production and defense' has assumed its real meaning, its authentic reason and its genuine significance, in the passion, enthusiasm and courage that we may apply in every trench or work place; and in the effort and dedication with which we shall devote ourselves to the tasks that still lie ahead of us.

"The Ideological Drive which begins today must constitute an extraordinary political and revolutionary motivation to give a varied and strong impetus to those tasks which the country is performing for the sake of economic and social progress. That is the best tribute of gratitude and respect to those who, on one 26 July, in a magnanimous gesture, sacrificed themselves at the walls of the Moncada and Carlos Manuel de Cespedes Barracks, to drench with their blood the irreversible path to national independence, liberty and dignity."

2909

CSO: 3248/1144

## DEVELOPMENT PLAN FOR CITY OF SANTIAGO REPORTED

Havana BOHEMIA in Spanish 8 Jul 83 No 27 pp 3-11

[Article by Alberto Pozo: "Santiago Towards the Year 2000"]

[Excerpts] We do not know whether the people of Santiago will agree with us, because they are very critical and demanding in the best sense of the words, but visitors are very favorably impressed with the development of their capital.

If you speak with some friends from Santiago, they say they are impressed by the development of cities such as Holguin or Camaguey. Both are expanding over the surrounding plains. In the case of Holguin, we are impressed by the countryside that stretches out in front of us from Loma de la Cruz. The traditional downtown area is dominated by the industrial zone and the string of new housing complexes. If you take the elevator up to the 12th-story restaurant in Camaguey and allow your eyes to take in the new, you later feel as if the old is like a romantic landscape that is gradually becoming overshadowed in the great mural.

The city of Santiago does not impress at first glance. Its uneven terrain keeps it partly hidden. It is this geographic flirtation, however, that lends it an infinite variety of beautiful and surprising angles. From this standpoint, it outdoes the others. And if the jewel is viewed in its setting, the mountains that lovingly embrace it, there is no comparison; Santiago is unique.

Returning to our topic of discussion, the development of the city during the years of the revolution has been as surprising as that of others. This also goes for all the other current provincial capitals, not to mention the medium-sized cities.

These strides have been made, however, through short-term plans. During the early years, the blockade, the enormous task of shattering the old structures and creating the new ones, of transforming agriculture and of beginning industrialization, all of this with the determination to survive imperialism's harassment, had made it impossible for the country to earmark efforts for long-range planning.

But we are now on the threshold of the Development Strategy Until the Year 2000, and one of its components is the master plan for the cities. The plan for Santiago is what we will be discussing today, although it should be viewed as part of the entire province's development. We would say that the province comes first and then the city.

#### Santiago Province

The government had to take a minimally realistic approach to carving out new provinces because age-old distortions cannot be abolished just by cutting up the pie a new way, no matter how skillfull the pie-maker was.

The capital of the east was in the province of Santiago. Santiago was second to far-off Havana in size and development in this under-developed country that the revolution inherited.

Far from the hub of Havana and with a longstanding tradition of patriotic struggles, Santiago had an economy based on sugar, coffee, its geographic location and a port that enabled it to become the center of the eastern market. The revolution's efforts would later strengthen its position.

Today, the city of Santiago still accounts for 38 percent of the province's total population, according to the 1981 census, and 64 percent of its urban residents. The city has 346,000 residents, and the entire province has 909,506 inhabitants over an area of 6,343 square kilometers.

To this skewed population distribution we should add the heavy migrations that it has had to deal with: from the highlands to the plains and from the plains to the city. In fact, six of the nine municipalities show a negative internal migration; the three exceptions are Contramaestre and Palma Soriano, the two with towns that have some social infrastructure, in other words, services, and, of course, Santiago itself. We should also mention the immigration from neighboring Guantanamo.

Viewed in a nationwide context, the province's migration balance has been negative, with emigrants heading mainly for Camaguey; the city of Havana, Moa, Villa Clara and the Isle of Youth.

The province's emigration problem clearly showed that socioeconomic conditions were better in other provinces. It has been unable to meet all of the needs of the work force, and the high birth rates in the 1960's have worsened the situation.

Of course the phenomenon of migrations occurs in all the eastern provinces, especially in Granma and Guantanamo but in Sancti Spiritus and Cienfuegos too.

This is not at all surprising, because human beings always seek the places where they can best meet their physical and spiritual needs.

## Specialization in the Province

Every country has its characteristic features, although in Cuba's case the quality of the land does not vary much in general. There are some very specific exceptions, however. One is the laterite belt in the northeast, which has always contained great mineral wealth. A second is Pinar del Rio, with its copper and polymetals.

The hallmark of Santiago is its highlands, which cover 70 percent of its territory. It will surely continue to be strong in coffee production, in which it leads the country, and in forestry development. Fruit-growing is another traditional stronghold of the province.

The sugar industry is a tradition throughout Cuba, and Santiago has eight mills. This industry, with a high degree of diversification of derivatives, will continue to be its main pillar for years and years.

Citrus fruit production is beginning to take off, and the province is already exporting them.

Livestock is another activity that is moving forward. Higher quality livestock is essential to producing enough milk, which is both a fine food in itself and a raw material for other items. Livestock raising is being pursued at the foot of the highlands, the foothills of the Sierra Maestra for example, in Guama and in certain flatter regions, in conjunction with cane growing.

Mining (copper and iron) seems to hold new promise. Let us hope so.

There are two other areas of activity that will gradually make strides: honey and wax, as a result of reforestation efforts, and tourism, which should be a major industry throughout Cuba because of our sun and our beaches and the safe conditions that other countries find it so hard to provide to tourists. In the specific case of Santiago Province, the so-called Balcon del Caribe, among other zones, offers great prospects. This strip of land is gradually being opened up by the Guama road, which makes available to all the unparalleled beauty of our southern waters, the small beaches that dot the coastline, the rivers flowing into the sea and the whole world of the highlands.

Industrialization will inevitably expand in two directions: throughout the province, the industries that the agricultural sector will require for its own development, and the industries that will spin off from these strides; and in the city of Santiago, the industries that will utilize the available work force, especially women, though there will be installations in other cities too. Therefore, light industry as a whole will be very important, especially textiles, ready-made clothing, leather goods and copying machines [poligraficas] (the big complex was built in Palma Soriano, the second largest city in the province).

Large factories will also be set up in Santiago, for two reasons: they use imported raw materials and, therefore, need a port city, and Santiago is strategically located, which will cut transportation costs.

#### Essential to Harmonious Development

In order to stabilize the work force and halt migration, it is not enough to create job opportunities; infrastructure, or to use the more common term, public utilities, must be put in.

Communities must be set up with their basic needs met: housing, electricity, water, public health, schools, stores and communications.

Aside from the figures that we toss around, we have seen the great efforts undertaken in this area with our own eyes. We should recall the electrification of the cooperatives in the highlands, in Guama, the La Maya water supply system that is under construction, the communities in Mella, the hospitals along the southern coast, the schools in the highlands and the plains alike, the fish markets in the communities, and the Granma, Los Reynaldo and Palma-Mella-Holguin roads.

But not all of the needs of towns have been met. They need rapid transportation links so that during their time off residents can spend some time in a larger city. This is currently the case with Mella, a sugar mill town that is quickly becoming a major population center. On long weekends, Mella residents can head for Palma Soriano if they need something that they cannot get back home. And during vacation time Santiago will provide those little extras that only a city of its size can.

It is this coordinated development of production sectors, backed by social infrastructure in keeping with them, that will enable the province to draw closer together and stabilize its work force. In other words, it will be achieving one of socialism's great goals: eliminating the differences between city and country.

By the year 2000 about 80 percent of the nation is expected to be urbanized, and Santiago Province will not be left behind. Nor will it be left behind in attaining harmonious development, which is essential to building an efficient society.

The province of Santiago and the city of Santiago, with its master plan, are thus mutually dependent. If one fails, the other does too. But this will not be the case. Very successful work has been going on for some time now to erase the differences, but age-old distortions cannot be eliminated in just a few years. The year 2000 is a goal.

Now that we have this very clear overview, let us move on to Santiago's master plan.

## A Study of Present-Day Santiago

Current conditions were looked into prior to the drafting of the master plan, with emphasis on these areas: industry, utilities, the environment, water supply and sewage system.

Industry has developed east of the bay. Examples: refinery, IMS [Serbian Materials Institute], Gran Panel and the Rente thermoelectric power plant; these have been around for some time. At present, a lubricants complex, a truck and engine repair facility, etc are going up. The road through this area, Marverde, is by now inadequate. There is pollution, due to the lack of a sewage system and waste treatment plants. Waters are dumped into the northern side of the bay. Nevertheless, there are many possibilities for expansion.

The other major industrial zone is on the eastern side of the bay: a cement plant, wheat mills, Pavon thermoelectric plant... This area is polluted too, due to a lack of sewerage, as waste water is dumped into the bay. There is very little possibility for expansion here because of the rough terrain.

There are other industrial zones inside the city. So-called "clean" plants could be set up in the future, in other words, the ones that do not contaminate the environment. Ready-to-wear clothing shops are an example. Synthetic footwear, cardboard, ice and soft drink plants are grouped together in the northern part of the city. They are especially good job opportunities for women. The brewery is also located there, and it too is a major employer. Development possibilities are nonexistent due to the lack of sewerage and good roads.

Most of the shops are in the old downtown area: Enramadas, Aguilera and Heredia streets, which run from west to east and cover an area of 48 hectares. Pedestrian and vehicular traffic is a problem. Expansion is possible in the same direction, hooking up with Victoriano Garzon Avenue, and also in a north-south direction. The downtown area includes sections around Paseo de Marti, La Trocha, Cristina and Ferreiro.

Ever since the revolution was victorious, educational facilities have been built on the outskirts of the city: the Antonio Maceo Vocational School, Oriente University, Superior Technological Institute...

### Other Problems Plaguing the City

The city today suffers from a severe shortage of green areas. It has just one area suitable for tourism that has not yet been suitably developed. Its focal point is the symbol of the colonial city: El Morro.

Santiago has serious urban problems. One of them has to do with Santa Ifigenia Cemetery, a national monument. The subsurface water level is threatening to exceed burial levels. The other is the spillway in the city's industrial western section; this source of contamination has to be stamped out too.

Some 2/3 of the housing units are run-down and 40 percent are in really bad shape. This is a critical situation.

The road system is small; the city streets, narrow; the main highway, overcrowded; heavy transport, without appropriate thoroughfares; and the lack of parking, severe. The railroad crosses the city, with the resulting complications and congestion. The bus shortage has recently gotten worse, although at the time that this article was written, 25 new buses had arrived and others were expected. The provincial and municipal terminals are obsolete. The Guillermon Moncada port is already too small and requires better technology and equipment. The Antonio Maceo Airport offers as yet undeveloped possibilities.

The city is no longer on the verge of being evacuated all the time because of water shortages, thanks to quick intervention by the revolution. The tiny Chalons and Charco Mono reservoirs, which hold just 9 million cubic meters, are still usable. But the answer today comes from the Gilbert Dam, which can store 35 million cubic meters, and from the conduit from the Carlos Manuel de Cespedes Dam in case a backup is needed.

The water supply system is in poor condition and has few feeder lines.

The sewerage system is in similar condition, with the aggravating factor that it does not reach the outlying neighborhoods.

#### Let's Talk About the Future

Everything that we have talked about so far is a holdover from the past. We should remember that because of the country's struggle to survive, it had no long-range plan in the early years of the revolution; instead, it sought stopgap solutions in the traditional population centers. In any event, work went on. Proof of this is the Jose Marti district in the northern section of the city, with its hundreds upon hundreds of new housing units; Las Americas Avenue and all of the development around it as part of a new city; the very early elimination of the poor neighborhoods, such as the Manzana de Gomez district, which became Nuevo Vista Alegre; industrial development, with its emblem, the Rente thermoelectric plant; and of course, the ongoing construction of the National Expressway, the new Central Railway and the development of the Guillermon Moncada port.

Building on the stopgap measures of the early years, these new projects, which were planned with a view towards the future, mark the practical beginning of Santiago's development towards the year 2000.

Let's take a look at the prospects. Within the current downtown area, the goal of remodeling work is to house some 337,000 inhabitants where there are currently some 320,000. As far as inner city open areas are concerned, little can be done about quantity, but the quality of the environment can be markedly improved.

The outskirts of the city, covering 11,520 hectares, could hold some 1 million inhabitants, at a density of about 100 per hectare. Ultimately, however, there will not be as much room as that for human settlements, due to physical or geographic factors.

In general, industrial development will concentrate in the western section of the city, and the residential area will be towards the southeast, like the two wings of a bird, with the traditional downtown area as the heart.

Remodeling has already begun on the downtown district, including the commercial buildings and streets, such as Enramadas; as well as on residential areas in La Trocha and somewhat more distant but still traditional neighborhoods such as San Pedrito and towards Boniato Hill, the Santa Rita district. These are some examples.

One of the most carefully designed aspects of the master plan has to do with recreation. The first section of the 10-hectare 26 July Park will be inaugurated by that date this year. It has the same layout as Lenin Park in Havana, though the overwhelming majority of the equipment has been manufactured in Cuba at the units of the Steel-working Industry Ministry. In addition, a miniature train will take children to the zoo next to the park. This park will be joined with the area around the Leningrado restaurant and its little huts.

The city is thus providing a green area for both recreation and to enhance the environment. On the other side of the city, the recreation area on the east bay, centered around well-known Punta Gorda, La Socapa and El Morro, is being expanded.

The expansion of the port, which is necessary in view of the city's socioeconomic development, will be towards the Viradero zone, although the major investments will be made nearer the 21st century.

The trade center will be one of the most complex aspects. It will be located north of the port. The railroad will stop there, skirting the perimeters of the city. A major branch line will extend into the western industrial zone to link its industries with the port.

The Antonio Maceo Airport will see its facilities expand eastward, so that it does not lag behind while the city grows and so that it can serve the interests of the entire province. A highway linking it with the downtown area is now under construction and will be completed by 26 July.

The National Expressway will link up with Las Americas Avenue, which is already being extended to the Santiago Textile Complex to provide an outlet for its products and a commute thoroughfare for its workers. This hookup will extend to the Marverde Highway, the backbone of the western industrial area, which will also be expanded.

Among other road network developments, Garzon Avenue will be lengthened towards Lorraine Avenue, which in turn will hook up with Las Americas Expressway.

The appropriately lengthened Siboney Highway in the southeast will show the way for Santiago's residential housing development towards the southeast.

As far as housing construction is concerned, work has been going on for some time on the large Jose Marti district in the northern section of the city; 50,000 people will live there. Other centers have been built as well: Nuevo Vista Alegre, 152 housing units; Alturas de Versalles, 600; Rajayoga, 1,000; Vista Alegre extension, 550; Camino de la Isla, 127 (with another 1,000 going up soon), and a large number of units in the Antonio Maceo urban center (there are now 490, and construction is moving southeast, where there will be units to house 100,000 persons).

#### Key Points in the Master Plan

The water supply will grow to meet the expected consumption demand of 194 million cubic meters a year. Work is being completed on the Paradas Dam, which will be used to meet the needs of the industrial zone. These needs will increase sharply when the following projects go on line: Santiago's Great Textile Complex; the refinery expansion (which in practice means building another one next to the existing plant); the lubricants complex, with its grease plant; and among other projects, the truck and engine repair factory, which will be partially operative by 26 July.

As we mentioned at the beginning of this article, the province is seeking to stem emigration through development.

Industrialization will sharply increase job opportunities in the city.

Service networks, especially water and sewerage, will receive the most attention, to resolve current problems and forestall future ones. Eliminating pollution will be a top-priority task.

Some agricultural and livestock installations will be relocated over time so as not to adversely affect their production. Furthermore, the additional lands needed for the master plan will be frozen.

Finally, the historic monuments will be salvaged and refurbished in Santiago, the city of rebels yesterday, the city of hospitality today and always a city of heroism.

This is no dream. Part of it has already come true, and the rest will as we march towards the year 2000.

PERUVIAN COMMENTATOR VIEWS AMPHIBIOUS WARFARE ABILITY AS 'ALARMING'

Lima LA PRENSA in Spanish 30 Jun 83 p 13

[Article by Ricardo Sanchez Serra: "Cuba Has Amphibious Warfare Capability"]

[Text] Fidel Castro has a new strategy that poses a threat to the small island nations in the Caribbean: amphibious warfare. Cuba can now land armored marine corps units on the beaches of certain nations in the region.

This alarming capability was learned of recently when 400 marine corps units conducted intensive training maneuvers at the beaches of Mariel 50 kilometers from Havana.

The troops rehearsed coastal assault tactics with four light tanks and eight armored personnel transport vehicles. They disembarked from a flotilla that included two Soviet warships for amphibious operations.

The Soviet vessels, which can carry up to six tanks, are part of a recent Soviet effort to boost military aid to Cuba.

In recent years the Kremlin has shipped 140,000 tons of military hardware to the island in exchange for the combat services of 40,000 Cuban soldiers in Marxist Angola and Ethiopia.

Soviet financial and development aid to Cuba has now reached the unprecedented sum of \$8 billion.

Alarming Might

The alarming thing about Cuba's amphibious capability is that it can be used only for offensive military operations. Therefore, small nations are now in greater peril, given the mounting tensions in Central America and the Caribbean basin.

If 400 Cuban soldiers backed by light tanks and armored personnel carriers were landed by surprise on a beach in any of the small Caribbean countries, they would be a formidable force.

Antigua, Barbados, the Bahamas, Dominica and Trinidad and Tobago are some of the States that do not have Armed Forces other than their police and domestic security forces.

Even the largest nations in the region, such as Jamaica, Haiti, the Dominican Republic, Guyana, etc, would be hard-hit by a Cuban amphibious strike, especially if it were part of a general military plan involving units of the 300,000-man Cuban Army and its powerful Soviet-equipped air force.

An expert on Caribbean matters described the amphibious maneuvers in late May as an "important development," adding that "Cuba is developing the capacity to send its forces all over the Caribbean."

There has also been growing concern that Grenada, which is less than 160 kilometers from the coast of Venezuela and Trinidad and Tobago, and Suriname, which is on the northeastern coast of the continent, could be used by Cuba as a springboard for its amphibious attacks.

This major increase in Cuba's offensive capability comes at a time when Havana has launched an enormous propaganda campaign against the United States.

Late last month there were large demonstrations repeatedly calling for the mobilization of the provincial militia forces. These local units would maintain law and order in the country if the Cuban Armed Forces were heavily involved in overseas military operations.

Five months ago, the German daily DIE WELT cautioned: "In recent weeks, and practically without the world at large realizing it, the strategic situation in the Caribbean has worsened dangerously." In view of the recent demonstration of Cuba's amphibious warfare capability, the danger now is that much greater.

8743

CSO: 3248/1126

EMIGRES COMPLAIN ABOUT CIVIL CODE PROVISIONS

Santo Domingo LISTIN DIARIO in Spanish 16 Jun 83 p 1, 12

[Article by Saul Pimentel]

[Text] A group of Dominican citizens in New York City asserted that over 300,000 parents living in the United States face problems because of the fact that they cannot have their children with them on account of the limits which Law 985 of the Dominican Civil Code imposes on them.

In a statement transmitted to this daily they hold that Law 985 is "the most discriminatory possible in the country because it establishes a differences between children born of a marriage and children born from common law marriage."

Those Dominicans who stated the case are members of the recently formed La Trinitaria Dominican Coalition. In their declaration they explained that of every four Dominicans three are born out of wedlock.

They alleged that thousands of Dominicans who have set up residence in the United States and seek to "send" for their children who are protected by American law find themselves obliged to practically abandon in the Dominican Republic those born out of wedlock "because the [Dominican] authorities do not recognize such children as lawful."

The Coalition alleges that this difficulty aggravates the economic situation of Dominican parents in the United States because, even though they have to support their children who stay behind in Santo Domingo, they cannot claim these as "dependents" on their end-of-year [U.S.] personal income tax return and qualify for a deduction.

The founders of the La Trinitaria Dominican Coalition are Luis Diaz, Lucila Peguero, Josefa Sanchez, Isidro Reyes, Armando Sicard, Maria Rodriguez, Elsa Cordero, Bibiana Rodriguez, Cesar Romero, Luis Nunez, Manuel Jaquez, Jesus Pascual, Frank Reinoso, Thermo Cabrera, Felix Sanchez, Sergia Moreau, Victoria Pimentel, and Pablo Sanchez.

Other individuals have joined the new organization and they are active in various working committees.

The organization proposes, among other things, to seek the amendment of Law 985 so that the existing obstacles may be removed. "We call on the entire community to work for something of benefit to us all," it added.

#### Votes Abroad

The Coalition noted that another of its proposals is that the Dominican Electoral Law be amended, that the vote be given to Dominicans abroad, and that these Dominicans have the right to representation in the National Congress.

It recognizes in this respect that some politicians have opposed allowing Dominicans to vote outside of their country because the former feel that this could lend itself to fraud and additionally because supposedly the country could not cover the expenses that the control of balloting abroad would involve.

"All these arguments are invalid because there are adequate mechanisms which, besides being quite inexpensive, would preclude any kind of fraud," it stated.

The group suggested that the Central Electoral Board open a "register of Dominicans abroad," indicating the address of the latter in the United States and the Dominican Republic as well as other identifying data.

It noted that as far as elections go, the Central Electoral Board would draft a special ballot form with the names of candidates for president and vice president, which would be sent by registered mail to those individuals included in the "register of Dominicans abroad," enclosing a self-addressed envelope.

It mentioned that those receiving the ballot would send it in after indicating the candidates of their choice, also using registered mail, to an office of the Central Electoral Board which would be opened in the major city of the country concerned.

"For the territory of the United States an office in New York City could be opened given that the largest number of Dominicans outside their country reside there," it explained.

It further stated that a deadline could be set for the receipt of mail which could be 15 May of an election year, with the provision that ballots received after that date be recognized in the country involved [if postmarked by 15 May].

It explained that on 16 May, the election data, the voters' envelopes would be opened in the presence of a committee of the Central Electoral Board, a member of the United Nations, and a delegate representing each political party.

"This process is very inexpensive because the Central Electoral Board alone would have to maintain an office in the city of the foreign country involved to receive mail. It is appropriate to explain that in the United States the postal service is extremely reliable because it is run by the federal government and also because from any point [in the United States] to New York City a letter takes only 2 days for delivery."

#### Dual Citizenship

The La Trinitaria Dominican Coalition noted that it will also take steps to have the Dominican Constitution amended so that "the status of dual citizenship for an individual of Dominican origin may be established." This status, it was explained, exists in fact but not of right, and if it is established legally it would allow Dominicans outside of Quisqueya "to obtain some benefits, claiming their rights as soon as they return to their native land."

2662

CSO: 3248/1102

NEED FOR NATIONAL SUPPORT FOR PRESIDENT DISCUSSED

Santo Domingo LISTIN DIARIO in Spanish 9 Jul 83 p 6

[Editorial]

[Text] In a turbulent meeting of the Dominican Revolutionary Party (PRD), Dr Salvador Jorge Blanco, president of the republic, resoundingly asked his own party: To let him govern.

The chief executive's statement had great repercussions.

Perhaps he could have added:

That they not ask him to govern too much beyond the overall requirements of the nation.

That is to say, that they not ask him to support the Olympic Committee.

That he support professional baseball.

That they not ask him to support the newspapers.

That they not ask him for so very many sports centers.

That they not ask him for more special taxes for purposes not properly the state's, or the most urgent ones.

In the final analysis, that he not be subjected to excessive pressures for sectorial or group purposes.

The deep frictions and splinters within the PRD are understandable.

Those aspiring to the presidency of the republic in 1986, or those who still hold undeclared presidential aspirations, do not want to lose time.

There is a hectic electoral process within the PRD.

Now then, the president is also a partisan leader, even though the leadership of a partisan leader, who is president of the republic, is weakened when it is known that he will not be running for reelection.

Even though a partisan leader is president of the republic, and will not be reelected, he has considerable influence at the time of electing a presidential candidate for his party.

So, the president of the republic--to whatever party he belongs--is a leader of the nation, a supra-partisan leader.

In our opinion, president Jorge Blanco, who is now completing a year in office, should spend this first anniversary redefining his program in conformity with well-defined national goals and arousing in their midst a vigorous consensus, above partisan or intraparty inconsistencies.

A great national support.

9908

CSO: 3248/1108

VENEZUELAN IMMIGRATION LEGALIZES DOMINICAN RESIDENTS

Santo Domingo LISTIN DIARIO in Spanish 2 Jul 83 pp 1, 13

[Article by Rafael Bonnelly Ricart]

[Text] Venezuela's immigration authorities estimate that in the current legalization process a total of 37,000 Dominicans have regularized their status as residents in Venezuela.

The information was transmitted to this daily by Adonay A. Martinez Aguilar, sectoral director general of alien identification and control, who is now on a visit to the Dominican Republic together with Col Jose Pilar Barbella Ramos, head of Venezuela's division of immigration and borders.

These Venezuelan Government officials indicated that it is currently estimated that there are some 45,000 Dominicans residing in Venezuela of whom some 8,000 do so illegally.

Martinez Aguilar and Col Barbella Ramos came to the Dominican Republic at the invitation of the Dominican ambassador in Venezuela, Bienvenido Hazim, so that they might have the opportunity to meet with Dominican officials.

Yesterday they met first with Dr Jose Augusto Vega Imbert, Dominican secretary of state of foreign relations, and then with the secretary of state of interior and police, Dr Rafael Ledesma Perez.

The Venezuelan officials also talked with the director of the National Investigations Department (DNI), Col Ceferino Diaz Bonilla, and with the general director of immigration, Baron Suero Cedeno.

The object of these interviews was the exchange of views on issues involving the migration policy of the Dominican Republic and simultaneously to seize the opportunity to express to the Dominican authorities the willingness of the Venezuelan sectoral general directorate of alien identification and control to solve within the legal framework the problems of Dominicans in Venezuela.

Col Barbella Ramos noted the broad receptiveness and optimal understanding of the visiting officials yesterday.

The basic goal of the visit of the two Venezuelan officials in the Dominican Republic was to coordinate the actions of the immigration organizations of the two countries to check and nullify the work of some critical organizations which deal with the illegal traffic of Dominicans.

The head of the Venezuelan immigration division added that in the majority of cases the Dominicans are taken to Venezuela deceitfully, conned by the promise of "finding them" a home which turns out to be untrue in most cases.

"The sad part of the situation is that it was possible to prove that this Mafia has connections with Dominican citizens residing here who in turn have their buddies in Venezuela and in the Caribbean in general."

On his part Adonay A. Martinez Aguilar gave assurances that Dominicans receive preferential treatment in Venezuela and that they are not mistreated at any time.

He indicated that the most credible witness to this situation is ambassador Bienvenido Hazim himself, to the point that through his own initiative and suggestion, even though illegal immigrants are involved, the Venezuelan authorities have moved to legitimize the status of a sizable group of Dominican citizens.

The Venezuelan Government official said that the Venezuelan authorities have adopted such an attitude because they believe that just like citizens of other countries, Dominicans contribute with their work to the growth of productive activity in Venezuela.

"Naturally, some of these individuals create problems involving law and order and of an economic nature to Venezuelans so that we find ourselves obliged to expel them after meeting the legal requirements appropriate to each case," he explained.

To be able to extradite Dominicans residing in Venezuela illegally, Venezuelans find many difficulties and the largest of these is transportation.

Transportation has to be by air and this represents a very high cost which the government of President Herrera Campins is unable to defray, so the other goal of the Venezuelan officials was to request the Dominican Airline Company (CDA) to allocate a number of seats to fly such individuals back to the Dominican Republic.

Finally, the Venezuelan officials noted that the attitude of their country's government headed by President Luis Herrera Campins evidences the [spirit of] concession and open-mindedness of the Venezuelan Government faced with the problem of Dominicans living in Venezuela illegally.

MAJLUTA CAMPAIGN GROUP BANNED FROM PRD

Action Reported

Santo Domingo LISTIN DIARIO in Spanish 10 Jul 83 pp 1, 12

[Article by Saul Pimentel]

[Text] The national executive committee of the Dominican Revolutionary Party (PRD) expelled all persons who joined "La Estructura," the political movement which promotes the presidential candidacy of Jacobo Majluta, from that organization.

It also ordered the dissolution of the recently formed La Maquinaria group which Jose del Carmen Marciano leads and the expulsion of directors of the so-called Committee of Withdrawn PRD Members of the National District which last week threatened to put on a demonstration in front of the National Palace.

He also took part in the municipal committee of the PRD in Santiago de los Caballeros; he suspended his managers in that city as party members and agreed to a reorganization of all PRD-leaning organizations at the national level.

These resolutions were adopted by the CEN (National Executive Committee) in its last session which began Friday evening and adjourned in the early morning hours.

Among the members of La Estructura expelled from the PRD are Andres Vanderhorst, Nelson William Mendez, Dr Norman de Castro, Gustavo Lara, architect, and Antonia Herasme Pena, along with others.

The leading PRD-leaning organization granted power to the executive committees in each zone and the municipal committees to expel all PRD members who signed up or may sign up with La Estructura.

### Majluta Hails Move

Santo Domingo LISTIN DIARIO in Spanish 10 Jul 83 pp 1, 13

[Text] The President of the Dominican Revolutionary Party, Jacobo Majluta, backed up the disciplinary measures adopted by the national executive committee (CEN) of that political group against sectors of the party which, it is said, could bring about its fractionation.

The disciplinary measures were proposed by Dr Jose Francisco Pena Gomez, and adopted during a CEN meeting held night before last.

Majluta, president of the senate, said he supported CEN's decisions and consequently the proposals made by Pena Gomez.

Among the measures taken, dissolution of the group called "La Estructura," which advocated Majluta's presidential candidacy, is being considered.

On the other hand, Majluta stated his approval of the steps Dr Pena Gomez will undertake to reach a partisan "summit" which will involve them both and president Salvador Jorge Blanco for the purpose of "sealing" party-government unity.

9908

CSO: 3248/1108

RELIGIOUS GROUPS DISCUSS HAITIANS IN COUNTRY

Santo Domingo LISTIN DIARIO in Spanish 29 Jun 83 pp 1, 10

[Article by Mirtilio Feliz Pena]

[Text] Five religious organizations discussed the position of Haitians in the Dominican Republic, and many statements made "expressed ignorance of this complex human problem."

Likewise, others "express feelings which are very far from the standards of judgment which these same persons defend."

The religious organizations Dominican Bishops Conference Justice and Peace Commission, Haitian Pastoral Team, the Dominican Center of Advisory and Legal Inquiry (CDEAIL), Archdiocesan Caritas of Santo Domingo and Fray Ramon Pane Catechism Institute, state the following in a communique published in a space paid for in this issue:

"We go along with what was said by the bishop of Santiago, Monsignor Roque Adames, in the sense that the Haitian problem cannot be dealt with by jumping to conclusions and that a solution must be based on standards of judgment showing respect for human dignity."

They add: "We express solidarity with every man who suffers, because '...where a man suffers, there the Church must be at his side' (John Paul II, 12, 22, 1979)," and we feel impelled to raise our voice concerning the situation in which Haitians live in our country."

They mean that some of the opinions on this problem "seem to forget that all criteria for every solution to the problem must be based on the value of the human person."

The document specifies that it is calculated that over 200,000 Haitians live in the country, and that the official data recognize that the State Sugar Council alone imports over 15,000 Haitian laborers every year.

The report taken from ONAPALAN 1981 points out that these workers are used in the Dominican sugar harvest.

According to the religious organizations, "this same study recognizes that there is enough Haitian manpower in the Dominican areas for harvesting sugar by machine to perform the work of cutting and hauling cane and says that the so-called "congos" are brought in to allow the levels of overexploitation under which they work, conditions which verge on those of the former slaves."

The document of the religious organizations continues: "this is true to the extent that although one-third of the sugar workers are Haitians, they receive only 10 percent of wages (study quoted, p 10)."

It says that a large part of the Haitian workers who are brought in each year "go to work in private concerns, both native and foreign, in clear violation of the terms of their contract (see article 8, 1978 contract), which leaves the dirty role of 'slave masters' to the government while these firms enjoy the lucrative profits of this human trade. Our fathers ate the grapes and our teeth are set on edge," as the Prophet says (Ezekiel 18:2).

They state that "the position of the Haitian worker conflicts sharply with the doctrine of the Church whereby the worker deserves his wages: "To the duty of work imposed by nature there corresponds likewise a natural right by virtue of which he may ask in exchange for his work what he needs for his own life and that of his children (Pius XII, Pentecost Message, 1941). See Pacem in Terris No. 20)."

The five religious organizations add: "John Paul II reminds us that 'the basis for determining the value of human work is not in the first place the type of work carried out, but the fact that the one who performs it is a person' (Laborem Exercens p 19)."

It says that "besides being the victim of exploitation, the Haitian suffers the additional anguish of being undocumented, the consequence to a large extent of the trade allowed."

"But this does not deprive them of the right to be treated as persons. The fact that they belong as citizens to a given political community in no way deprives them of membership in the human family, citizenship in society or living together in the world, the common lot of all men (Pacem in Terris No. 25)."

They say that the right we claim for the Dominicans declared illegal in the U.S., Venezuela and other countries, "we must in justice defend for our Haitian brothers in the Dominican Republic. Yet they are the victims of abuses, scorn, even mistreatment or disappearance, as in the regrettable case of the political exile Samuel Roche."

They declare that the raids against undocumented Haitians often includes Haitians with their legal documents, as well as Dominican citizens of Haitian origin, with all their documents in order.

"In some cases," they declare, "things have gone so far that these documents are destroyed when presented as proof of their Dominican nationality. As if these people had less right than documented persons of Spanish origin or of other nationalities."

12448

CSO: 3248/1109

CEA REPATRIATION OF HAITIANS, WORKERS REPORTED

Santo Domingo LISTIN DIARIO in Spanish 29 Jun 83 pp 1, 12

[Article by Jose Romero]

[Text] With the departure of between 2,000 and 2,300 Haitian cutters who came to cut cane in the recently ended sugarcane harvest, the State Sugar Council yesterday began the repatriation of about 19,000 contracted day laborers.

The four dispatch points located in different areas for harvesting sugar by machine in the eastern state sugar mills showed a flurry of activity starting at 6 am yesterday.

The CEA [State Sugar Council] explained how things were done, indicating that on the trip to the border, which takes several hours, workers receive two helpings of food, besides which at the border their pesos are exchanged for dollars at par, they are given \$55 dollars agreed to in the contract and arrangements are made for them to cross the border without problems.

It is estimated that at the rate of 2,200 cutters moved per day, the whole operation will be over in 10 days.

The CEA explained in a written note that the workers make the trip sitting in seats, that crowding is not allowed on the buses, and that a commission of government officials supervises the whole operation.

They are also provided with bags for their personal belongings, bags marked with the passport numbers of each worker so as to prevent problems when they cross the border.

The first repatriation centers for the laborers began to function at the Las Pajas, Ulloa, Alejandro Bass and Oscar Duna sugar harvesting areas, of the Consuelo, Quisqueya, Porvenir and Santa Fe sugar refineries, respectively.

The buses were rented from the National Bus Company and from the United Drivers Union of the National District.

The CEA reported that it simultaneously hired men to move the bags and suitcases.

At Jimani, on the border, facing the Haitian border station of Malpasse, travel documents are checked by the Dominican immigration authorities.

The agricultural workers are relayed directly to their sugar harvest areas, that is, they do not have to walk anywhere.

At the CEA it was stated that the eastern region came first and that the other sugar refineries will follow.

Now 10 of the 12 sugar refineries have ended the harvest. Only the two northern refineries, Amistad and Montellano, have not.

Reported production for this year will probably come to about 820,000 tons, with an increase of 100,000 over the first estimate made at the start. The decision to start the harvest a month earlier and begin in November is thought to be a significant step in preventing the November rains from affecting the harvest more than they otherwise would.

12448

CSO: 3248/1109

## CENTRAL BANK MANAGER DISCUSSES LEADING ECONOMIC INDICATORS

Guayaquil EL UNIVERSO in Spanish 22 Jul 83 p 4

[Press statement by Central Bank of Ecuador Manager Abelardo Pachano Bertero]

[Text] The following is the press statement made yesterday in Quito by the manager of the Central bank of Ecuador, economist Abelardo Pachano Bertero:

Now that the first half of 1983 is over, and in view of the fact that we are in the middle of one of the most severe crises ever to affect the world economy, I feel I should inform you about the results of the analysis of the principal national economic indicators that give us indications of hope for the recovery of our economy.

This is the reason, members of the press, why I have deemed it appropriate to invite you to this chat, in which, unlike a traditional press conference, we will talk about what has happened in the country over the past 6 months, and about some expectations which, based on serious studies of the national situation, could become reality.

I would like to emphasize that the figures I am about to reveal to you are not intended to raise false hopes, but to give the country a realistic picture of what is happening in our economy, and what can be expected in the future.

I will divide my presentation into the following chapters:

1. External Sector
2. Financial Market
3. National Production
4. Inflation
5. Employment
6. Renegotiation of the Foreign Debt
7. World Economy
8. Conclusions

1. External Sector

Within the external sector a significant recovery has been noted in the balance of payments in general during the first half of 1983, with the following results:

#### A) Balance of Trade

The trade surplus, measured in terms of import and export permits granted by the Central Bank, totals \$529 million, greater by \$325 million than the figure for the same period of 1982, when the surplus amounted to only \$203 million.

This surplus for the first 6 months of 1983 is higher than that of all previous years, including that of the entire year in 1979 and 1982, and close to that of 1980.

In other words, in one 6-month period the Ecuadorean economy has obtained results better than in any of the last 7 years, and a decisive factor in this growth has been rises in oil, coffee and prawn exports, while import permits have gone down by 30 percent since the same period of 1982.

According to the preliminary estimates of the Central Bank, for the first time in the last 9 years, the current account of the balance of payments for the first 6 months of 1983 yielded a positive balance; in other words, the surplus of the balance of trade enabled the payment of interest on the debt, freight charges and other foreign payments.

Thus, the Ecuadorean economy has been able to finance its own obligations in the first half of this year, despite the serious problems plaguing its entire productive apparatus, without having to resort to foreign loans (disbursements which, as everyone knows, were suspended in August of last year).

Looking at exports in detail, we see that they totaled \$1.162 million between January and June, a 5 percent increase over the same period of 1982. This result responds to the increase in oil, prawn and coffee exports, whose growth rates were 32, 44 and 15 percent, respectively.

Bananas, cacao and its byproducts, marine products and their byproducts, and oil derivatives, however, showed a substantial drop in export levels since 1982, primarily caused by production cutbacks imposed by the severe winter along the Ecuadorean coast (with the exception of petroleum derivatives).

Import permits amounted to \$633 million, as opposed to \$908 million for the first 6 months of 1981. The fundamental explanation for this phenomenon is the selective imports policy imposed by the monetary board.

#### B) Foreign Reserves

As of 30 June, foreign reserves totaled \$162 million, which is above the minimum level established in the national government's stabilization program.

### 2. Financial Market

#### A) Money Supply

As of 30 June, the money supply amounted to 63.016 billion sucres, with an annual growth rate of 16.8 percent. The break-down of the money supply into

monetary deposits and currency in circulation shows an improvement in the national banking system's ability to serve as financial intermediary.

In this regard, the country is also within the limits set forth in the monetary stabilization program, and in the future this variable should be carefully monitored in order to prevent inflationary pressures of monetary origin.

#### B) Credit Policy

The gross credit extended by the Central Bank has expanded by 31 percent between June 1982 and June 1983, with a growth of 15.17 billion sucres, of which 14.92 billion went to finance the country's productive activities, and 250 million sucres to the Ecuadorean public sector as a whole.

The public sector's share in the credit extended by the Central Bank fell from 12.8 percent in June 1982 to 10.2 percent in June 1983. Consequently, there has been an increase in the private sector's share from 87.2 percent to 89.8 percent.

Of the Central Bank's total portfolio of 63.882 billion sucres, 57.375 billion has been used for productive activities, while 6.506 billion went to finance the entire public sector.

#### 3. National Production

The most recent estimates by the Central Bank indicate that in 1983, the gross domestic product in current prices could reach 600 billion sucres, a decline of 0.4 percent in real terms from the 1982 figure.

Breaking down this national index by sector, we have the following:

A) Agriculture, hunting, forestry and fishing could decline by 8.1 percent, according to Central Bank estimates. This index is disturbing within the context of the economic results expected for this year, especially considering that among these activities, agriculture is expected to fall by 17.1 percent, basically as a result of the serious and profound consequences of the winter weather, especially along the Ecuadorean coast.

Banana, coffee and cacao production together will fall by 19.3 percent from 1982's level, while other products will decrease by 15.9 percent.

As an example of the production losses or declines, we can cite the following:

| Product   | Production Losses |
|-----------|-------------------|
| Banana    | 25 percent        |
| Cacao     | 35 percent        |
| Coffee    | 3 percent         |
| Rice      | 34 percent        |
| Hard corn | 30 percent        |
| Cotton    | 32 percent        |
| Sugarcane | 10 percent        |
| Potatoes  | 8 percent         |

(The decline may be even greater, depending on how the winter turns out.)

Production has also fallen in certain agricultural products of the Ecuadorean mountains that are part of the basic diet of the population. There has been no significant increase in the production of other goods.

To look at the negative effects of the prolonged winter, it is worth noting that cacao production is projected to be the same as in 1970; cotton will reach the 1973 level; hard corn will correspond to the 1975 total; soybeans will equal the 1976 figure; rice and coffee will be at the 1978 level; and other products will be the same as in 1981 and 1982.

Fishing and hunting are also facing problems, and as a whole they are expected to decline by 15 percent. The production of prawns strongly bolsters this sector, since it has continued to grow in 1983. This subsector and that of animal production, which will rise by 5 percent, are the most dynamic in the Ecuadorean agrarian sector.

B) On the other hand, it is expected that the petroleum sector will grow by 8.8 percent in 1983, especially due to the incorporation of new fields of oil production as a result of the sustained effort undertaken by the government to modify the trend toward stagnation that this activity has undergone in recent years. For the first time in many years, this sector has regained its dynamism and has become a mainstay of the nation's economy.

It is estimated that annual oil production could total 85 million barrels, compared to 77 million in 1982.

This sector and those of textiles, metalworking and electricity, are essentially the pillars of Ecuadorean economic activity.

The textile industry will grow by 6.3 percent; metalworking by 4.1 percent; and electricity by 15.3 percent, as a result of the execution of the large hydroelectric projects.

C) Industry in general, including all subsectors, will experience a decline of 0.2 percent. Within that total, food production (fish products, bakery goods, sugar and others) will fall by 1.7 percent, while production in the paper, printing and publishing sectors will drop by 12 percent.

The basic reasons for this behavior are the shortage of agricultural commodities (raw materials), the problems in exporting to certain markets, and the restrictions on imports.

D) Predictions in the construction sector have improved over the first estimate done at the beginning of the year. The rate will still be a negative 7.3 percent, however, as opposed to an estimated decline of 13 percent at the beginning of the year. The reactivation of this sector will depend to a large degree on whether highway reconstruction is begun in the country, once the summer season ends on the Ecuadorean coast. Not only from this sector's standpoint, but also in terms of the utilization of manpower, the reactivation of this activity is important.

E) Public investment will decline by 11 percent as a consequence of the policy of controlling public spending, which is currently in effect. Private investment will fall by 32 percent as a result of the program of reorientation and modification of the country's economic structure. Consequently, a 3.4 percent drop in Ecuador's total demand is expected.

#### 4. Inflation

The inflationary process that the country is undergoing is perhaps the most negative element of the economy's development during the first half of 1983. The Central Bank believes that the fundamental causes of this process are primarily the drop in agricultural production and the destruction of the highway infrastructure during the harsh winter, which reduced the supply of agricultural products to national markets. Other factors are the flight of food across the borders, the resurgence of speculation, and the measures adopted in accordance with the country's economic policy.

One way of combatting this process, under the current circumstances, is to implement a program to improve the international distribution of national production by holding free fairs, to intensify the participation of the National Enterprise for Warehousing and Marketing (ENAC) and the National Enterprise for Vital Products (ENPROVIT) in marketing, to create commissariats on the part of businesses and public and private entities to help employees, and of course, to import products that are essential to the Ecuadorean diet.

In this regard it should be mentioned that through the Central Bank, the national government has opened lines of credit to promote the production of goods for export and domestic consumption, in the amount of more than 20 billion sucres.

It has also opened a line of credit for 1.45 billion sucres so that ENAC will be able to expand its marketing system. In addition, for more than a year it has had open and has begun to operate a line of 500 million sucres to encourage the private sector to install new warehouses or to expand existing ones in the country.

It should be noted that The Central Bank will also contribute to the program for importing raw materials, inputs and food, which the government will be carrying out in the second half of this year, by opening up adequate lines of credit. Efforts will also be made to negotiate international government-to-government loans and to expand the line of the CCC [expansion unknown] in the United States, to which a request has been submitted for more than \$200 million for the period of October 1983 to September 1984. The credits from the Inter-American Development Bank (IADB) and the Andean Development Corporation (CAF), amounting to approximately \$38 million (about 1.8 billion sucres) for these purposes alone, are another source of foreign currency for national production and the importation of inputs.

We can assure you, in sum, that despite the shortage of financial resources and foreign reserves, we have made the necessary efforts to keep our population supplied, considering that that is one of our foremost duties.

## 5. Employment

The national government is aware that one of the greatest dangers of the economic crisis is the possibility that a broad spectrum of the population will be cast into unemployment and underemployment.

Fortunately, we can assert that despite the gravity of our problems, the unemployment level is not significantly high.

In view of the possibility that some companies in this country may have financial problems that could lead to their liquidation, however, the national government is trying to implement a program to aid these businesses.

In addition, it has expanded the credit available to all businesses, particularly in the construction sector, aware that it is one of the principal generators of employment for the underprivileged sectors of the population, who bear the brunt of the crisis.

## 6. Renegotiation of the Debt

After arduous negotiations with international banks, in the midst of an international climate clouded by the financial crisis of other Latin American nations, the country is about to reach a positive agreement to extend the payment period of the foreign debt.

The nation can rest assured that in the coming days the process will be concluded as the IMF and international banks grant the fresh credit we have requested.

Thus, in addition to relieving the pressures the debt has exerted on public finances and private industry, we will also receive a healthy injection into our financial resources, to enable us to develop our productive activities in a more secure atmosphere.

## 7. World Economy

There are encouraging signs of a world economic recuperation, but there are still certain weaknesses, especially because of the lack of orderly fiscal policies in the large industrialized countries to guarantee this process of recovery.

Our economy's dependence on the behavior of international markets necessarily requires this world recovery, because otherwise we would once again run up against obstacles in our stabilization programs.

At this time we are concerned about the possibility of new increases in worldwide interest rates, because of their disastrous consequences in developing nations. The international financial market remains disoriented, with serious consequences for our countries.

## 8. Conclusions

We could conclude our evaluation by indicating that there are some important signs of economic resurgence, along with certain negative results in some economic sectors of the country.

Among the positive elements we can mention that the petroleum sector, the textile industry and the electricity sector will experience significantly positive growth rates, in comparison with the deterioration of Ecuadorean agriculture, whose production losses, in addition to the losses in infrastructure, could amount to some 25 billion sucres, or 4 percent of the GDP and 33 percent of the general budget of the state.

The balance of payments has improved dramatically, and for the first time in 9 years has yielded a current account surplus, albeit small. Despite adverse conditions on the international market, exports have risen by 5 percent and imports have declined by 30 percent. The country has made a tremendous effort in this area.

Monetary policy has contributed to the stabilization program, providing resources to the productive activities of the country.

Inflation is of particular concern, and is part of the series of negative elements in the economic situation of the first 6 months of 1983.

Finally, we can see that the economy has recovered somewhat, although very unsteadily so far, but the international financial markets have not yet managed to formulate a financing policy suited to developing countries.

8926

CSO: 3348/584

## BRIEFS

FOREIGN EXPORTS FIGURES—Exports of Ecuadorean products to Colombia, Mexico and Peru in 1982 dropped considerably compared to the two previous years. Sales to Chile, Argentina and Venezuela, on the other hand, increased, although the latter country has imposed restrictions on Ecuadorean trade this year. Trade with the Andean Group declined notably in 1981 (41 percent); in 1982, the volume of sales fell by less (1.1 percent) than in the prior year. In general, Ecuador exported to Andean Pact countries 58.3 percent of total sales to countries of the Latin American Integration Association (ALADI) in 1980. That ratio dropped significantly in 1981, when sales amounted to 37.6 percent; and in 1982, the percentage rose to 40. Ecuadorean sales to ALADI countries also dropped between 1980 and 1982. In 1981 they fell by 8.4 percent, while in 1982 there was a 6.7 percent decline. Trade with countries in the Americas basically involves traditional and industrialized products, the latter directed mainly at the countries of the Andean Pact. Oil exports are made primarily to the United States, the Caribbean, and the Far East. [Text] [Quito EL COMERCIO-REVISTA ECONOMICA in Spanish 3 Jul 83 p 5] 8926

CSO: 3348/584

DEBATE ON TERRITORIAL LIMITS CONTINUES

Constitutional Committee Postpones Actions

San Salvador EL MUNDO in Spanish 7 Jul 83 p 3

[Text] The question of boundaries, especially with those of Honduras, will be discussed almost in plenary session of the Constituent Assembly, because the Editorial Commission of the Constitution Project broke up without preparing Article 84 relative to the republic's territory, deputies on that commission stated.

Enlarging upon the information along these lines, it was explained that exhaustive research is being carried out on the provisions of the Constitution of 1962 which was the basic document in the preparation of the project which has become known to the information media.

Likewise, it is reported that the opinion of the Boundaries Commission was requested along with that of some professionals well informed on the border question, but in the end no conclusion was reached.

The deputies who belong to the commission consider that "this is one of the most delicate aspects of the new constitution, and even though no judgments have been made, in the neighboring country, a whole series of rumors have been unleashed by Honduran deputies."

It is possible, they say, that the commission may write one chapter, but this will not become a simple project since the plenary session of the Constituent Assembly will have the last word.

Meanwhile, it is reported, deputies and employees of the Technical Department of the Constituent Assembly are working on preparation of provisional articles which will have to be made known in the next meetings.

In the Provisional Policy, it was explained, the date of the next elections will have to be set and some rules made which will be in effect only during the present policy.

In various political circles there is interest in ascertaining the rules which will be set up in the provisional policy and others which still must be

defined in the project such as the question relative to landholding and the continuity of economic and social reforms, it was said.

To date it has not been reported when the plenary session of the tax project will be held so as to begin final discussions.

#### Honduran Claims Refuted

San Salvador LA PRENSA GRAFICA in Spanish 7 Jul 83 p 3

[Text] There is no connection between the establishment of a North American training school in Honduras and the border adjustment with our country, so stated categorically Dr Rene Padilla Velasco, member of the Joint Boundaries Commission for El Salvador.

The purpose of the Honduran statements, in addition to violating the General Peace Treaty which stipulates or recommends to governments not to use propaganda broadcasts to expound territorial claims or create feelings of enthusiasm for a quick solution, is to give the impression, through these ridiculous claims, that El Salvador is the country refusing to work toward a solution to the difference, so stated Dr Padilla Velasco.

Statements made by Honduran politicians are contradictory. On the one hand they have extended their territorial claims on El Salvador, claims lacking historical accuracy and legal foundation. Honduras has broadened its claims toward certain islands in the Gulf of Fonseca, the mouth of the Goascaran River and other stretches of Salvadoran territory which, as a logical consequence, will increase El Salvador's social problems, such as its agrarian reform on land ownership, adequate assignment of farm labor to peasants and residents in the border are, and the increase in economic and social problems, so stated the Joint Commission on Boundaries member for our country.

On the other hand, assuring that the border problem will soon be solved within a time limit which they have set unilaterally at 90 days likewise violates the terms of the treaty since the time limit has been extended until 10 December 1985.

I must state, Dr Rene Padilla Velasco reaffirmed, that despite what has gone on before, a more logical solution is possible in accepting the principle of good faith of the Honduran politicians, i.e., that because they have set the 90-day time limit for the solution of the border problem, we feel that Honduras has given up its territorial claims on El Salvador.

We hope that good faith prevails within the Honduran politicians and that they make good on their offer to solve the border difference within 90 days by renouncing their illegal territorial claims, so stated Dr Padilla Velasco.

9436

CSO: 3248/1056

## COPREFA DISCLOSES ERP PLAN TO TARGET HUMAN RIGHTS ISSUE

San Salvador LA PRENSA GRAFICA in Spanish 13 Jul 83 p 50

[Text] The Press Committee of the Armed Forces (COPREFA) reports on the struggle between subversive organizations by the non-official "Human Rights Commission."

According to COPREFA's news release, broadcast yesterday in this capital, it has discovered that the "FPL [Peoples Liberation Force] or independents" are standing up to ERP [Peoples Revolutionary Army] and FARN [Armed Forces of National Resistance] for control of the aforementioned "commission." The text of what was submitted by official army sources goes like this:

"a) COPREFA in fulfilling its obligation of keeping national and international public opinion on the alert as to the real aims and nature of certain front organizations broadcast a report last week titled "Salvadoran Commission on Human Rights (CDHES), ERP's new battleground."

b) In the report, COPREFA listed the objectives ERP outlined for the Commission on Human Rights. Said "commission" would then be the means for expressing ERP's political platform, which is being prepared presently in Mexico, COPREFA says.

c) The report also reveals partisan problems between FPL or "independents" versus ERP and FARN, which in the opinion of Mexican reports, are facing up to one another within the Salvadoran Commission on Human Rights. In these reports, it is clearly set forth what the central objectives are that ERP is assigning to CDHES: 1) neutralize the Apaneca Pact's Peace Commission by devising "a forum for peace," made up of all the politically viable groups. 2) launch an international plan with the objective of making a failure out of U.S. President Ronald Reagan's statement to the U.S. senate on human rights.

d) None of these facts, set forth in the above mentioned report, has been challenged by anybody; and finally

e) COPREFA will continue its loyalty to the agreement to report truthfully to the public without any wavering. San Salvador 12 July 1983."

LAWYERS QUESTION RECENT JUDICIAL APPOINTMENTS

San Salvador LA PRENSA GRAFICA in Spanish 7 Jul 83 pp 3, 42

[For further information on this topic see JPRS 83950, 21 Jul 83, No 2711 of this series, pp 70-71]

[Text] "There can be no compatibility between justice and party politics," so holds the El Salvador Lawyers Association, complaining that magistrates to the Supreme Court of Justice are appointed under political criteria.

In execution of the resolution made in the regular General Assembly, held on 5 June, the association has issued a statement on the recent appointment of justices of the peace of the republic.

Its text is as follows:

"I. The Lawyers Association of El Salvador, in a statement issued a few days ago, expressed its academic attitude regarding the major problems of courts of justice at constitutional level; and it pointed out that the two main pillars which must uphold true administration of justice are; the apoliticalness of judges and magistrates and economic independence of the judiciary. The professional capability of judicial officials does not suffice without these bases.

"II. Political pluralism and proportionate participation in the Legislative Assembly (now Constituent Assembly) must be a natural expression of representative democracy, which also has natural limits: politicians' own field is the citizenry, parties, legislative or constituent assembly and the Executive.

"III. It must be remembered that the law requires public officials to do their work and make decisions benefiting the general interest and without sectarian criteria; however, when politicians happen to be members of the government, they usually identify the principles and programs of their respective parties with the very obligations of their jobs without realizing that such an attitude leads them to lose sight of the interest of the majority or to move into fields which should not be within their sphere of activity.

"IV. The judiciary has not been excluded from the foregoing line of thought, and we believe that there can be no compatibility between justice and party politics.

"Common sense and experience in the field support us in our contention that such a prudent separation must exist since it is unreasonable to place judges and magistrates in the alternative situation of seeing themselves confronted with their own conscience and in conflict with their own convictions when having to pass judgment when under political pressure, thereby losing sight of the values which every honest man must put into practice and even more so when he is judging another.

"V. We acknowledge that in every democratic country political pluralism is praiseworthy and necessary, but we believe that it has no place in the administration of justice since it offends its very essence or the impartiality which judges must observe when handing down decisions.

"VI. The Lawyers Association of El Salvador, while acknowledging that among magistrates and judges there are capable and honest people, was sorry that certain gentlemen were appointed magistrates to the Supreme Court of Justice under political criteria and today regrets that our highest court of justice institutionalizes party politics in all the Judiciary's courtrooms as a natural thing. Along these same lines surely the Judiciary will be transformed into a new executive organism with jurisdictional functions.

"VII. The recent appointments of justices of the peace of the republic demonstrate the juridical need to regulate and guard in the new constitution 'the apoliticalness and financial independence of the judiciary,' likewise a National Council on the Judicial Career must be created to include the Supreme Court of Justice down to justice of the peace levels; on the other hand, we believe that judicial officials should enjoy stability in the performance of their jobs, without going to the extreme of supporting the appointment of court magistrates for life, so in the first place this is how the draft of the new constitution is worded: appointment will have its origins in political compromises and as a result we would spend many years in a judiciary compromised by the party which proposed them: thus, with the respect which all deputies deserve, we believe that the Legislative or Constituent Assembly is not the proper organism to make such appointments, and furthermore, we cannot give ourselves the luxury of making the mistake to appoint individuals up to 70 years of age who, in the exercise of their duties, do not measure up in the dynamic performance of the country's juridical task. The practice is harmful and can produce only conformism in their development, so it keeps a status assured just because of the passage of time. We appeal to the deputies and to their political parties so that they will listen to our association relative to the expositions made on this subject; to do otherwise would be a serious mistake which history itself will be sure to point out.

"VIII. Lastly, the Lawyers Association of El Salvador urges other lawyers' associations in the country and the Federation of Lawyers Associations of El Salvador to bring them together so that they may make a statement on the problem set forth herein; thus we feel that this is a very opportune moment for orienting public opinion on this matter and because the people will be the beneficiaries of solutions adopted in the new constitution.

"For the Government Coalition: Dr. Rosendo Americo Perez Posadas, 1st secretary."

ARENA REITERATES ITS POSITION IN SUPPORT OF ARMED FORCES

Rejects Ultraright Label

San Salvador LA PRENSA GRAFICA in Spanish 8 Jul 83 pp 2, 28

[Text] I specifically ask that the international press inform public opinion of what we are as the ARENA political party since we have been described as rightist and ultrarightist, and it is now time for them to tell the truth because if we were like that we would neither support nor be guarantors for social reforms.

So stated yesterday Major Roberto D'Aubuisson Arrieta, secretary general of the National Republican Alliance Party, ARENA, to members of the international press. During the press conference he was accompanied by Dr Mauricio Gutierrez Castro, vice president of the republic, and Dr Armando Calderon Sol.

By way of reiteration, Major D'Aubuisson emphasized to the reporters that it is now time for them to bring the truth to public opinion as to what the ARENA party really is, because I am sure that what I am saying to you now you will also distort, he said.

As ARENA, if we were the ultrarights you say we are, and this is nothing more than a nickname given us by foreign newspapermen, Major D'Aubuisson said testily, we would not have gotten together in a political party, nor would we have sought the democratic way to make our public statements, nor much less would we support social reforms, he remarked.

We have supported agrarian reform and are of the opinion that if it must be reformed, it must be done because it has benefited the farmer and is how it should be so that it may truly represent social reform and not simply be limited to the act of expropriating but must carry out its real task, the politician explained.

About His Resignation

When correspondents asked D'Aubuisson if he would keep his word to resign the chairmanship of the Constituent Assembly, he replied that he will do so when the constitution is signed; and he will move on, he said, into deputy status but afterwards will ask to be excused from that job without pay so as to dedicate more time to the party, then he will remember that elections will be held in November this year, he added.

Ambassador Richard Stone

Regarding the visit of Special United States Ambassador Richard Stone to the country, Major D'Aubuisson commented that it appears to him personally and in terms of his political party that the actions of President Ronald Reagan's special ambassador are on the right road for helping the country to emerge from the situation it is passing through and at no time does it appear to him as detrimental to national sovereignty.

Mr Stone, he added, will have meetings today with the Peace Commission, political leaders and the president of the republic, beginning at 9:00 am. When they asked him whether there would be a possibility for the ambassador to have a meeting with the guerrillas, he answered that that was the ambassador's business. If he feels it worthwhile to do so, he will do so and make recommendations to us, but I can add nothing more to that, the ARENA secretary said among other political remarks.

#### Calls for National Unity

San Salvador LA PRENSA GRAFICA in Spanish 8 Jul 83 pp 2, 28

[Text] We must consolidate interparty national unity so as to help our courageous armed forces in their fight against subversion. We political leaders must focus the aspiration of the entire Salvadoran people on living in peace. Thus did Major Roberto D'Aubuisson, secretary general of the Nationalist Republican Alliance Party, ARENA, stress yesterday at a press conference.

All we political parties must adopt national unity in opposition to subversion during these times and lay aside ideological differences for a later time, that is, for an era of political campaigning. The people organized in civilian defense units, not with weapons but with the desire also to help the armed forces with information which could protect us from any attempt to do harm by communist extremists will be one more weapon against the homeland's enemies, he emphasized. As ARENA we condemn all violent or destructive activity against the peaceloving citizenry which on 28 March 1982 elected its representatives by popular vote; and on several occasions we have publicly asked the leftists to participate in that democratic process which we the real Salvadorans want; to take part in elections, to seek power by way of the ballot; thereby the attitude and anxieties of a people desirous of living in peace and with jobs to do to improve our country economically and socially will once again be shown, added D'Aubuisson.

#### Regarding Stone

On another subject and by way of news originating in Costa Rica, it was confirmed that FDR-FMLN extremists since January have been looking for a way to meet with President Ronald Reagan's special ambassador to Central America, Richard Stone, for the purpose of explaining their attitudes vis-a-vis the armed strife in El Salvador.

## BRIEFS

LABOR SYMPOSIUM--Bulletin No. 14 from the Ministry of Labor says: Topics related to workers duties, worker-employee relations, unionization among different worker guilds, professional training and apprenticeship, legal and other aspects will be taken up during the National Symposium of Salvadoran Workers which will take place from the 19th to the 21st of the current month at the "Constitucion 1950" Workers Center in Lago de Coatepeque. As has been reported, the event is sponsored by the Ministry of Labor and Social Welfare, through the Tripartite Commission, and the main objective is that participating workers representing their guilds bring ideas so as to mold them into the preliminary plan for the new Workers Code which the commission will work over--after exhaustive study and analysis--so that it will be approved and promulgated by the Constituent Assembly. The topics to be taken up by the symposium are of interest to workers and for that reason they have been arranged in this way: 1 - Ending the labor relationship at the initiative of the employer, a legal or labor status of the artesano; 2 - The right of suspension, the right to seniority and the right of seniority on the job; 3 - Unionization of peasants, public and municipal employees; 4 - Professional training and apprenticeship; 5 - Participation by workers in the profits of the business; 6 - Collective bargaining; 7 - Right to strike; 8 - Legal status in the existing labor relationships between cooperatives and their associates. Among the discussants at the meeting will be union leaders and experts in the matters to be considered.

[Text] [San Salvador DIARIO LATINO in Spanish 12 Jul 83 pp 3, 14]  
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CSO: 3248/1096

## BISHOP DISCUSSES ECONOMIC, OTHER DEVELOPMENTS

Havana BOHEMIA in Spanish 8 Jul 83 No 37 pp 60-63

[Report on interview with prime minister and secretary general of the New Jewel Grenada Party Maurice Bishop by Frank Hechavarria, in Saint George; date not given]

[Text] If we wanted to compare Grenada with something, we would have to say that Eden was there; but if we go on to explore its geography, we would have to say that the island is a mass of basaltic rock, harder than anything: That is what the revolution that is in progress on it is like.

We were thinking about this as a WAZ from the Cuban construction workers contingent was taking us to Butler House, the executive mansion, where the offices of the prime minister of Grenada, Comrade Maurice Bishop, are located.

In the conference room where the Council of Ministers meets, an enormous portrait of an old Caribbean labor fighter, a son of Grenada, is prominently displayed: the revolutionary, Butler. In the center of the room is a long table surrounded by chairs. Comrade Bishop entered and affectionately offered us his enormous brown hand.

Since 1 May we have had some lingering qualms about the two laws the prime minister publicly announced in his speech on that day, laws concerning the protection of a woman and her children. The first question we posed had to do with just that topic.

"These two laws are part of our goal of resolving constant contradictions with respect to women's equality which, of course, constitute a peculiar characteristic of exploited countries and an unpleasant experience which colonialism has left us with," Bishop explained.

"Many urgent problems relating to the incorporation of our women into the revolution have yet to be resolved and we are having difficulties in obtaining facilities for them, as is the case with the shortage of laundries in the communities.... As far as the problem of unemployment is concerned and despite the fact that we have tried to reduce it — before the revolution we had an unemployment rate of 49 percent and now it is only 12 percent — women continue to constitute the majority of our unemployed labor force.

"From the objective point of view we have a lot of problems, but we also have them from the subjective point of view, such as old habits and customs.

"With this law we have tried to destroy the old ones," the prime minister of Grenada emphasized, "chiefly as concerns illegitimacy, eliminating that old stigma and guaranteeing that every child born of a Grenadan mother comes into the world with the same status as every other one. That is, that all of them shall belong to the same class of children; because you must know that a few years ago we had first and second class children in this country. This law also deals with the question of paternity, making it easier for a woman to determine the father of her child, a situation that has at times been outrageous. Furthermore, the law considers the question of inheritance too, guaranteeing that natural children also have the right to inherit the property of their fathers.

"The second law is for the courts," he said, "and it too attempts to eliminate the abuses families have been subjected to in our country. At the present time, if a woman feels she has to resort to the courts, she runs into many difficulties. It's a very hostile process for her and she is exposed to humiliation, mockery, ridicule, etc. She has to resort to a court at the cost of possibly having everything she may say reported in the press. Thus what we are trying to do with this law is to provide a different atmosphere so that problems of a family nature -- which are very common -- shall be handled in a different and private way.

"At the present time we have a bill in the Legal Department and we are analyzing it in the party and in the government, after which we will submit it to the masses for discussion in a popular and democratic manner.

"We can say that women in our country have achieved many successes during these past 4 years and are playing a very active role in the Militias, in the domain of defense and in the National Women's Organization which, as you know, is a very powerful organization.

"And finally, we are also creating a Ministry of Women's Affairs for them. In fact we believe that this is the only country in the entire English-speaking Caribbean that right now has a ministry that is concerned with such matters. This is an important apparatus which will guarantee the elimination of the abuses women are subjected to and will also see to it that every female citizen has an important responsibility and is fully involved in all aspects of the building of a new life in Grenada."

The explanation provided by Comrade Maurice Bishop was very explicit and we moved on to another topic: the international airport being built at Point Salines, and we asked him why it is so important for Grenada.

"There are many reasons why this airport is important for us," he replied. "The first is, naturally, that it is one of the economic projects of major importance which we are carrying out through programs for the development of our country's infrastructure.

"We feel that Point Salines International Airport for us really represents the only possibility for our country to achieve greater economic development since it will increase tourism, which is one of the ways of augmenting our economic development, as well as agriculture, industry and fishing. And in a short time — from 5 to 10 years — it will be precisely in the tourist sector that we will have a chance to generate a surplus and use it to develop the other sectors of the economy.

"This is why international tourism is of tremendous importance to us," Bishop added, "we have plans for the next 5 years or more to build hotels totaling 15,000 rooms throughout the country. At present we have only 500 rooms on the entire island. There are other plans aimed at increasing our hotels' capacity for accommodating visitors, including naturally private lodgings, and we expect to increase the number of rooms during the next few years. In the meantime we have plans for building two hotels with 152 rooms each by the end of next year.

"Now," he explained, "what we are doing right now is restoring the Holiday Inn, a motel that was unfortunately destroyed by fire a few years back, and we are relying on help from a Canadian company to accomplish this.

"So for us the international airport means an opportunity to develop tourism and trade involving many of our products. And it also represents an increase in sources of employment for our women. This is first of all a key project for the economy.

"And secondly the importance of the airport is related to the plans of the imperialists and their allies, such as their information agencies which attempt to portray a different image to the effect that our country is isolated from the rest of the Caribbean countries. This has been unsuccessful. You know that, during the first few weeks following our revolutionary victory, they tried to keep LIAT, the Caribbean regional airline, planes from landing on Grenada; which is why as of next year that kind of isolation will be much more difficult with the international airport.

"The third point that is very important for us is that the airport is being built despite the fact that the United States has been applying a great deal of pressure to keep it from being completed. After we turned to the European Economic Community in 1981, for example, to conclude agreements with a finance company for the purpose of beginning construction of the airport, the American Government sent its diplomats to different European capitals to keep those countries from providing us with aid and in that way to some extent succeeded in its attempt to boycott aid from the European Economic Community.

"But not only that," the Grenadan prime minister went on, "it was also involved in a massive propaganda campaign to destabilize our government, latching onto the construction of the airport as a main theme. This is the focal point of the campaign as well as its critical opposition to our revolution and government; and when we have been able to complete the construction projects for this airport, we will see that it has meant a massive victory for our

people and an extraordinary defeat for the imperialists and their allies. I believe that this is the fundamental issue with regard to this project at the present time.

"We realize that we are the first Caribbean country which has at the present time been able to build its own airport since obtaining its independence, since most Caribbean and many Latin American countries built their airports during the period of colonial domination; and this constitutes a significant morale factor for us and demonstrates the achievements of the Grenadan Revolution.

"One final point which we feel is important is the fact that this project is an example of cooperation between the developing and the Third World countries. Because, when we asked Comrade Fidel for aid in implementing the construction of the international airport, in terms of sending skilled internationalist workers and aid in the form of heavy construction equipment, which we do not have, and cement and steel structures, we were provided with that aid immediately. That's why we say that Cuban internationalist aid was decisive. It's also important to note that we have received aid from Venezuela and 10 European Economic Community countries; we have received much aid from Arab countries like Libya, Algeria, Iraq and Syria and also from various other countries for the execution of this project."

We asked Comrade Bishop why the overthrown Gairy regime was not interested in the construction of an international airport in spite of the fact that the preliminary studies had already been made, and he replied:

"In the first place I believe that Gairy was not interested in the construction of this airport. Maybe he would have liked to, but the problem was that Gairy talked a lot, made a lot of promises, but never carried them out. Moreover, with Gairy there were the problems of tremendous corruption and severe repression; these were the prevailing conditions, especially political, and that is why they weren't interested in a nonindustrial project, that's why they weren't interested. The problem also lay in the fact that there was no planning under the Gairy dictatorship. There was no action in the sense of favoring the people. As you said, there were many preliminary studies dating from 1950. There were three projects. The British colonials themselves were responsible for two of them, but their sole concern was to enrich themselves more and more, to seize control of our resources and exploit us.

"If Grenada had had greater prestige and strategic importance during the last world war, we would have had an international airport, as was the case with Barbados and many other islands in the Caribbean.... Fortunately, we didn't have that sort of prestige and importance during that conflagration and there was no way of carrying out the project in terms of domestic financing. So, since the victory of the revolution itself we have been devoting a lot of attention and assigning priority to the projects involving the building of the airport, and during the first 6 months, before receiving aid from Cuba, we discussed things very thoroughly with the government and the party with regard to initiating execution of the airport project by ourselves, since it was a very important event for the country, one fundamental to our economic development, so much so that next year, 1984, will be dubbed "International Airport Year" for Grenadians."

Continuing with the topic of the airport, currently a ticklish one internationally speaking, we pointed out to Comrade Bishop that American President Ronald Reagan has categorized this project as a Cuban military air base and asked him for his opinion with regard to these statements.

"This airport is not a Cuban military base," the Grenadan prime minister asserted, "nor is it any other country's. It is an international civil airport like any other, which will help us to restore our country's economy.

"Mr Reagan is perfectly well aware of this, just as is the whole world. Notwithstanding, the President of the United States' remarks concerning this airport constitute a shameless lie and a scandalous misuse of his authority as president. Reagan is implicated in many lies about the airport and he is aware that this one is a story invented by high officials of his government.

"They claim that this is a sophisticated military air base with a sophisticated landing strip or field, but the truth is that their own people have seen the project, have attested to what it really is. Meanwhile, Reagan has ordered the use of special planes that take pictures from the air when anyone with ordinary instruments, with ordinary cameras, can come here and take better pictures than the aerial photos Reagan's spy planes have taken. For example, in the aerial photos many areas are covered by clouds that conceal part of the construction work, while with ordinary cameras this doesn't happen...."

"That's true, we can substantiate the fact in the newspapers," we noted.

"That's why, when his 'experts' returned, they said that it may well be a civil airport," Bishop explained, "but that it has sophisticated communications installations, that we have sophisticated construction going on. Then we should have asked how this would be: Maybe we have sophisticated shoes or sophisticated stockings. They have perpetrated a whole bunch of lies to try to present a false image of this international airport.

"The reality is, of course, that every Grenadan knows the truth because it is our people's number-one project and every week thousands of citizens go to see how the work is progressing, to see a promise turned into a reality, to see Grenada's progress.

"Hundreds of Grenadans go there to fish very near the end of the airstrip and just at the other end, the head of the strip, there is an American school of medicine -- and naturally Reagan's experts didn't see that -- where there are some 650 American medical students. And these students feel well and free to go where they want, so much so that they exercise there, they run (an exercise known as 'jogging'). And naturally, when tourists in general arrive in our country, they almost immediately go to see the airport and they do see it, and they see the project because it is a completely open project. And Mr Reagan knows this quite well.

"Of course, there are Cuban internationalist workers there and there are Grenadans working with them! But also last year, when we had to dredge the bay (Hardy Bay) to build part of the airport, an American company, the

Lenneth Company of Miami, arrived and worked with Cubans and Grenadans for over 9 months. At the present time there are English and Finnish workers on the project, installing communications equipment, electronic equipment and all the installations that are necessary at an airport. And all of them work in perfect harmony like a single work team, cooperating in the necessary jobs of an ordinary international airport."

The words of the secretary general of the New Gem of Grenada Party were very explanatory and really exposed the whole background of the campaign leveled against the Caribbean island, which indeed recently concluded several military maneuvers with its Militias.

And our next question was necessarily focused on the results of this training exercise.

"We felt very, but very satisfied with the results of the maneuvers," Com ade Bishop asserted. "We believe that they were successful, the most successful of all the maneuvers engaged in up to now. They were also the most extensive and the most professional. Our comrades of the Revolutionary Armed Forces and the Militias were more effective and professional than on previous occasions. There was magnificent coordination, a high degree of organization and high spirit and morale among the troops, both among the regulars and the Militias.

"Furthermore, it was a very economical exercise inasmuch as we didn't have to invest a centavo of the government's money for food; we didn't have to invest money for that since all the food for the troops and all their services and supplies were provided by the people. And this is a demonstration of the awareness of the people, of their readiness and of their support of the Revolutionary Armed Forces and the revolution.

"We must emphasize that this is very important because of the great responsibility the people will have in the event of foreign intervention or an attack from outside our country. This is the measure of how our people will respond and provide support, and we have had examples of this from them since the first days of the revolution, because it rests on three pillars: first, the people; second, the creation of a strong national economy; and third, the development of our defense capability, a capability of which the people themselves must be the principal author.

"As you know, our country is very poor and consequently we do not have sufficient resources to develop ourselves extensively. Therefore, one solution is to arm the people, these armed people who will advance whenever it may be necessary.

"We are actually very satisfied with the last maneuver we engaged in. We must point to the active participation of women in it, even in many of the anti-aircraft units. Women represented 40 percent of the total number of participants and this is very interesting. In general we are very satisfied with the degree of participation and awareness of our people in defense of the revolution."

Entering the domain of international affairs, although without going any farther afield than the Central American area, we asked our interviewee for his opinion of what is going on in Nicaragua and the potential threat of invasion to that country.

"We have seen how the Nicaraguan Revolution has been an authentic people's revolution. I personally feel great admiration for that revolution. On two occasions I have visited that brother country and seen the unity of its people; I have become familiar with the tremendous enthusiasm and the talent of the Nicaraguan people since they overthrew Somoza and I could see how the great majority of this people supports the revolutionary process. We have no doubt that the Nicaraguan Revolution is a great example for all countries, not only in Latin America, but in the Caribbean area. The name of "Sandinista" represents honor and symbolizes a dream in any working class in the region.

"Our party has always tried to educate our people -- even before the revolution -- basing ourselves on the Nicaraguan people's struggle. In June 1979, exactly a month before the victory of the Sandinist Revolution on 19 July, we had occasion to recognize the fighting government of Nicaragua, long before the victory when Somoza was still in power.

"Naturally, our entire people is at present concerned over the invasion. We are quite certain that this threat originates in the United States. It's obvious that this invasion has been organized, financed, directed and fully supported by the U.S. Government. Ronald Reagan no longer even denies the fact. He has openly expressed his desire to obtain public and official support. This is why they cannot try to deny the fact that they are involved in the invasion. This has come out openly in the public arena and the original pretext they were using, namely that it was to block the channels of arms supply for the guerrillas of El Salvador, is now absurd. I believe that the whole world is quite clear on this point; the invasion has come into being with the direct participation of the United States and because the American Government is directing this invasion.

"In connection with this, Honduras' participation is also clear. Not only has it permitted counterrevolutionaries to be trained on its territory, not only have they been authorized to establish camps and bases in Honduras, but also they have stepped up their attacks on Nicaraguan positions, attacks that are launched from Honduran territory, and, of course, there is evidence that the Hondurans are using their planes to supply the counterrevolutionaries with military equipment and food.

"We are really very concerned over all this. We think that it is a matter that should be discussed in the United Nations. We believe that every country has the right to create its own system as they see fit, free of any form of foreign interference. We think that the people of Nicaragua really have the right to develop their own revolution, not the way the United States would like them to do it.

"Furthermore, our people have strongly condemned this imperialist support for the invasion of Nicaragua. And despite the fact that we too have been

threatened, we have expressed our solidarity on many occasions and in different ways. So, for example, we are going to organize activities for next month in solidarity with Nicaragua and next Sunday we will launch a week of solidarity with the people of El Salvador's struggle, on which occasion the Nicaraguan problem will, of course, be discussed once again."

We sincerely thank Comrade Bishop for the opportunity he has granted BOHEMIA to present this interview and we ask him whether he would like to send a message to the Cuban people, who have so much respect, admiration and esteem for him.

"First, I must once again express my gratitude to the people of Cuba through you, through BOHEMIA. We want the people of Cuba to know that we have enormously appreciated their internationalist aid during these 4 years of our revolution and the great contribution of their internationalist workers who have worked in Grenada, have lived with our people, have worked hard and are extensively contributing to the reconstruction of our country.

"Cuba's aid has been fundamental and has resulted in a significant transformation in our economy and in general among all of our people. Cuban aid has been marked by its simplicity, high spirit of sacrifice and high quality in all senses of the term. Point Salines Airport is the most authentic example of this solidarity.

"But when we analyze the aid we have received since the first years of the revolution, for example, during the literacy campaign, we also see that it was of great importance to us. When we consider a project like the Sandino Plant, which is at present providing us with an opportunity to supply housing, to have a plan that may produce 15,000 new homes for the population in only 1 year and which in addition manufactures mosaics and concrete blocks.

"Also, in the field of education and training there are those Grenadan students who are studying in Cuba and receive instruction up to university level. This too is endowed with great importance for us. We have the contribution of Cuban doctors and dentists which should also be mentioned. Before the Grenadan Revolution we had only some 17 doctors in the whole country. Only 17 doctors, and at present we have over 40, including as well the Cuban doctors who offer their services here.

"But in addition to all this, there is the general aspect of the example that has been set for our people and incentive they have received from the Cuban Revolution and the efforts and sacrifices Cuba has made and is making to expand its economy during these past 24 years. We have learned a lot from the Cuban process and have been inspired by the events that have occurred in Cuba. We really feel that we are in complete solidarity with the Cuban people, whom we regard as brothers. We are very glad that the relations we have developed have been so profound, because it is very important for us to strengthen our ties in the Caribbean and break with all the artificial barriers colonialism bequeathed us. And because this to a great extent unites us with the people of Cuba, because, if there had not been a Cuban Revolution in 1959, there would certainly not have been a Grenadan Revolution in 1979."

## HIGH POINTS OF TAX REFORM PACKAGE SUMMARIZED

Guatemala City PRENSA LIBRE in Spanish 12 Jul 83 p 4

/Text/ The Secretariat for Public Relations of the Office of the President of the Republic has announced that the Decree-law Number 72-83 containing the Value Added Tax (VAT) bill was published yesterday in the DIARIO OFICIAL and will go into effect this coming 1 August.

It consists of 10 titles and 53 articles, and Article 1 states that the tax will be levied on the following acts:

a: Any act involving, or having as its final purpose, transfer of ownership over goods regardless of the designation given to that act and of the conditions agreed by the interested parties; b) the import or introduction of goods into the national territory; c) the lease of goods with option to buy; d) the withdrawal of goods from an enterprise for personal use or consumption by the taxpayer; and e) nonpersonal services provided by companies with or without registered offices in the country, including the leasing of personal property and real estate for business purposes.

Then there is Article 2 which states that the tax (VAT) which must be declared to the Internal Revenue when goods are sold and when nonpersonal services are rendered will be the difference between a) the total tax collected by the taxpayer in each taxable transaction made during a specific fiscal period and b) the total levies paid by the taxpayer during that same fiscal period to his suppliers in the domestic market and to entry customs in the case of imports, for each purchase of goods and for nonpersonal services received.

Not included under these provisions are transfers of ownership of goods when they are: a) contributions to commercial corporations or to noncommercial institutions; b) mergers, takeovers or other means of changing the nature of companies; c) adjudications in dissolutions or liquidations of companies providing that those who receive the goods are taxpayers and d):

"The purchase and sale of dwellings financed and insured under the FHA scheme or financed by the state or by state institutions, local governments included; the purchase and sale of dwellings built by legally authorized housing cooperatives and purchased by the cooperative members; dwellings financed at no profit by private institutions providing that such dwellings are part of public housing projects so designated by the Housing National Bank after the Ministry of Public Finance has produced a favorable report."

The stipulations of Article 1 also do not apply to: land transportation, services provided by banks, by finance companies, by insurance and reinsurance companies, by bonding and rebonding companies and by general bonded warehouses; services provided by public or private centers of education with regard to enrollment, tuition and examination fees, and to land transportation provided for the students.

The same is true for the rent paid for real estate intended as the tenant's family home when the landlord is not a taxpayer under the provisions of the present law; and for accommodation but only for the period starting on the date in which this bill goes into effect and ending on 31 December 1984, under the conditions set by the pertinent regulations.

Article 4 states: merchandises are all goods, articles, manufactures and, in general, goods produced or purchased to be processed, marketed, used or consumed in the domestic market. Nonpersonal services are the services which individual or corporate businesses, authorized by the law to engage in commercial activities in the country, provide for users who may or may not live in Guatemala, including the services provided by public enterprises under similar conditions and services provided by companies where a professional--who may or may not come under the authority of that company--signs or certifies on behalf of the company or on his own behalf but it is the company that negotiates or receives payment for that service.

The VAT does not apply to assets such as shares, bonds, financial promissory notes, insurance policies, bond policies, reinsurance and rebonding contracts, government obligations, postal stamps, legally authorized lottery tickets, banknotes, coins and, in general, securities and credit instruments except in the case of warehoused goods when their ownership is transferred by endorsement of the certificate of deposit issued by general bonded warehouses.

In another section of the decree it is stated that the merchandise becomes taxable when it changes hands or on the date of issue of the bill or the date of issue of similar document serving as proof of transfer of ownership, whichever comes first; on the date of acceptance of the final import permit--for all or for part of the goods--or on the date appearing in the customs form, as the case may be; on the date when the merchandise is taken out of the company for personal use or consumption; as soon as the nonpersonal service is provided or on the date of issue of the bill or of similar document showing that the service was provided; on the date in which the taxpayer uses the service which he, himself, provides.

The document also says that are exempt from paying the tax any goods imported or brought into the country by diplomatic missions accredited to the government, by foreign civil servants, by international agencies where the republic is a member and which provide services in the country and are duly registered with the Ministry of Foreign Affairs; by individuals or corporations under the system of temporary imports and by travelers coming to the country who do not have to pay import duties according to customs regulations.

Then Article 13 states:

"Besides the records of business transactions required by the Commercial Code, taxpayers and people who submit tax returns must compile and keep up to date a record of purchases, a record of sales and any other record which the General Directorate of Internal Revenue may consider necessary to help with the tax assessment. The format of these accounting records and the requirements which they must meet will be set in the regulations."

Tax Rate of 10 Percent

Article 19, Title 6 states that the tax rate will be 10 percent. The tax is monthly and the tax period begins on the first day of the month and ends on the last day of each month of the calendar year.

Penalties

The decree states that failure to submit the sworn tax returns by the deadline fixed by law will be penalized with a fine of 100 queztals. If the taxpayer is overdue in his tax payments, he will have to pay surcharges calculated according to the amount of tax owed. For instance, a) 15 percent if he pays within 10 days after the tax was due; 20 percent if payment is made from 10 to 30 days late; if payment is more than 30 business days late, there will be a surcharge of 25 percent plus an additions surcharge of 2 percent of the tax owed for each month or fraction of a month that payment is overdue.

Fine of 1,000 Queztals

The article also states that companies which fail to comply with the requirements mentioned in Article 13 will be penalized with a fine of 1,000 queztals.

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CSO: 3248/1087

## BRIEFS

WHOLESALEERS' CREDIT CUT--Wholesalers in the textile business are alarmed because all their credit was cut by the factories as of the day when the DIARIO DE CENTRO AMERICA published the "Tax Package" and, more particularly, the VAT. This morning, several wholesalers told EL IMPARCIAL that this measure is bad for small businessmen who, for many years, have sold textiles on credit. Our sources report that the factories told them that they will not give them credit any longer because they will have to pay value added tax, VAT, on the 60-day or 90-day credits which they give. "This measure causes us great worry and uncertainty because we will have to cut back by 90 percent the amount of business we do," a man told us in an interview. "In some cases, shops will be forced to close down which will result in unemployment and the sale of goods on credit will end in the country." As he explained, the factories had been supplying wholesalers with goods on 60-day and 90-day credit and wholesalers, in turn, gave credit to retailers who then gave credit to low-income people who purchase clothes on installments. If the wholesalers do not get credit, they will be unable to continue supplying merchandise to other merchants because they will not be able to pay cash as they are asked to do. This is the end of the small businessman. /Text/ /Guatemala City EL IMPARCIAL in Spanish 14 Jul 83 pp 1, 2/ 8796

LOST TAX REVENUE--Gonzalo Asturias Montenegro, secretary for public relations in the President's Office, said yesterday that more than 400 million quetzals are lost every year through tax evasion. With that revenue, he said, the government could build 500 schools in rural areas, 1,000 kilometers of country roads, 40,000 family dwellings, 100 rural culverts, 100 irrigation projects covering 100 hectares, 500 health stations and 100 health centers. All these projects, he finally said, are badly needed to avoid social shortages in all the categories mentioned. /Text/ /Guatemala City PRENSA LIBRE in Spanish 12 Jul 83 p 4/ 8796

CSO: 3248/1087

## BANADESA PRESIDENT GIVES PROGRESS REPORT ON ANNUAL PLAN

San Pedro Sula LA PRENSA in Spanish 11 Jul 83 p 3

[Text] The present management of the National Agricultural Development Bank (BANADESA) yesterday revealed that the plan put into operation this year had achieved excellent results during the first half of 1983, thanks to domestic and international support.

The president of BANADESA, Roberto Zelaya Echeverria, gave a detailed report on this subject in the Jose Cecilio del Valle room before government officials and representatives of international organizations and farming and cattlemen's organizations of this country.

## Goals Exceeded

In his report Zelaya Echeverria affirmed that the figures for the first half of 1983 had exceeded those for the same period in 1982. Moreover, the goals set for the first half of this year are being exceeded.

During the first 5 months of 1983 BANADESA granted 42,272 loans worth 110.3 million lempiras, which exceeded the goal set in the annual plan for the period by 36.7 million and by 49.6 over the amount granted in 1982. This demonstrates the support the government is giving domestic agriculture through BANADESA.

He indicated that these activities help ensure supplies of basic grains, reduce unemployment in rural areas, increase the income of the rural population, increase exports, provide substitutes for imports, and reduce foreign exchange expenditures.

He reported that of the 110.3 millions granted in credits, 91 percent went to the agricultural sector. He also said that repayments of credits granted in 1982 had reached 50.2 million lempiras between January and May, 1983, which is 14.6 million over the amount repaid in 1982.

## Impact

The economic impact of BANADESA's credit activities is shown by the support provided for the growing of apples, which rose by 114,971 lempiras in 1983 over that given in 1982.

Zelaya Echeverria explained that support for agricultural reform had more than doubled, compared with the same period in 1982, which is consistent with the interest of the government in moving ahead with the reforms.

The most important credits have been those provided for basic grains, potatoes, cotton, melons, African palms, and cattle.

## Financial Operations

The president of BANADESA explained that the financial condition of the institution had improved noticeably during the first half of 1983. Operating revenues increased by 10.1 million in comparison with the same period in 1982. Thus profits moved from a negative 74 percent in 1982 to 3.6 on the plus side in 1983.

9015

CSO: 3248/1092

## BILATERAL TRADE AGREEMENT WITH COSTA RICA EXTENDED

San Pedro Sula LA PRENSA in Spanish 9 Jul 83 p 5

[Text] Tegucigalpa--The Honduran and Costa Rican negotiating commissions last night recommended that the trade agreement be extended for an additional 2 years beginning 7 August, "accepting the conditions proposed by both countries on a quid pro quo basis."

Yesterday, at 5 pm, the vice ministers of economy, Angel Eduardo Ramos of Honduras and Odalier Villalobos of Costa Rica, signed the agreement, which will be presented to the respective ministers for execution or modification promptly.

Villalobos said, "we have reached an amicable understanding with the Honduran authorities. Costa Rica obtained a reduction in import duties on certain products sold on the Honduran market. With regard to products that did not receive this benefit, the negotiating commissions will study possible solutions whenever marketing problems occur."

It also secured a promise from the Central Bank of Honduras to expedite foreign exchange payments and import licenses, in exchange for similarly prompt action by the neighboring country in handling such matters.

## New Products Were Not Included

The Honduran vice minister, Angel Eduardo Ramos, stated in turn that notwithstanding the extension new products were not included, as is customary. However, it was agreed to discuss this point during a meeting planned for 8 and 9 September in Tegucigalpa.

Ramos Sarmiento explained that "we are not here to try to prove who won or who lost. We accepted the cancellation of duties on some Costa Rican products sold on the Honduran market as long as there were no domestic production of similar items that could benefit domestic manufacturers and exporters.

The advantage for Honduras, in the opinion of Vice Minister Ramos, is the inclusion of 35 products in the Costa Rican banking system. These products are part of the list included under the extended trade agreement.

## BRIEFS

**PASSPORT REQUESTS INCREASE**--The tension and uncertainty which the Honduran population is experiencing and the threat of armed aggression by Nicaragua is causing a mass exodus of families, according to statistics released by the Passport Department of the Ministry of Foreign Relations. The increase in the demand and issuance of passports and exit visas has risen considerably, according to the head of the passport section, Vania Garcia. In May 2,665 new passports were issued and in June 3,403 were processed and delivered, which means, according to the figures, that there was an increase of 738 applications in June. Regarding the issuance of exit visas, 2,305 were issued in May and June, an increase of 581 visas. The passport section is issuing 259 new passports and 234 exit visas daily, despite the economic situation in this country and the restrictions on the use of foreign exchange which the government has imposed. According to reports, the majority of Hondurans leaving this country are going to the United States, Mexico, and Panama, but the greatest number of travelers is going to the United States for reasons of convenience and security. [Text] [Tegucigalpa LA TRIBUNA in Spanish 11 Jul 83 p 52] 9015

**IDB APPROVES DEVELOPMENT LOAN**--The Honduran Government received over 22 million lempiras in loans from the Inter-American Development Bank (IDB) this week, according to Gen to Edmundo Valencia, the representative of that institution in Honduras. He explained that 2 credits were granted to the National Electrical Energy Enterprise (ENEE). One was for \$309,213 and another for \$347,128, which will be used to purchase equipment and machinery in West Germany. In addition, the National Agrarian Institute (INA) received 11 loans for over US\$3 million. These funds will be used to finance projects related to agrarian reform and will directly benefit the farmers. In addition to these 2 decentralized institutions the IDB disbursed 2 loans for the Central American Economic Integration Bank (CABEI) for a total of \$1,702,000. The head office of this regional organization is in this city. "We are more than ready to continue cooperating with the Honduran Government in the economic field in connection with its development projects," the IDB representative in Honduras said. He also said that the Honduran Government was current with its amortization and interest payments on the loans it received from the Inter-American Development Bank; these total over 1 billion lempiras. [Text] [San Pedro Sula LA PRENSA in Spanish 11 Jul 83 p 3] 9015

## PROGRAM FOR BORDER DEVELOPMENT, DUTY FREE ZONES ADOPTED

Monterrey EL NORTE in Spanish 29 Jun 83 p 2

[Text] Matamoros, 28 Jun--Faced with the new situation which exists in the border zones since the devaluations of the currency, the De La Madrid government today began a program of immediate action for the border areas.

The program includes, among other measures, the simplification of control of the exchange rate, a reduction in the gap separating the two types of dollar quotations, the timely supplying of basic goods and adequate facilities for importing needed products in the northern sector and to prevent the overvaluation of the Mexican peso.

This program, which was announced this afternoon by the secretary of commerce, Hector Hernandez Cervantes, contains five basic points and aims to integrate the border and duty free zones with overall national development and to promote the growth of those areas, taking advantage of the new exchange situation.

Also, at the conclusion of a meeting in which 12 reporters spoke during an analysis of the general border situation, Hernandez Cervantes indicated that this program, taken from the national development plan, contains five goals:

- Preventing the overvaluation of the peso.
- Promoting the development of production activities in the area, making use of its natural resources while at the same time protecting the production plant and employment.
- Guaranteeing a sufficient and timely supply of products for general consumption.
- Utilizing the border as a springboard for the exportation of agricultural and manufactured products and to attract foreign capital through tourism and the sale of services.
- Coordinating and decentralizing federal public administration activities.

With regard to the duty free zones in the nation, Hernandez Cervantes pointed out that it will be 1985 when the statutes now in effect which govern them will end and then the decision to continue or cancel the duty free status will be based on public opinion polls taken in those same zones.

The program includes several important measures relating to the issue of exportation:

- "Almost all" areas will be exempted from the prior permission requirement for importing.

- The rational importation of basic products and indispensable goods will be allowed only when the domestic supply is insufficient.

- An import quota system will be maintained with exemption from duty for products originating in and arriving from Central America.

- The creation of stores known as "In-Bond" for the free exchange of goods will be considered so that Mexican and U.S. products can be sold there.

- The deposit for guarantee of payment of duties for seasonal imports will be waived for exporting companies.

- Certificates of tax refund (CEDUS) will be granted, applicable to the importation of products used in the manufacturing of products for exportation.

- Also there will be a maximum restriction on the exportation of products that in some manner or at some stage of their acquisition enjoy a subsidy of some type.

9787

CSO: 3248/1081

## PARTIES DEBATE CLERGY'S INVOLVEMENT IN POLITICS

## Chihuahua Bishop Provokes Left

Mexico City EL DIA in Spanish 15 Jun 83 p 6

[Article by Juan Ignacio Vigueras]

[Text] Ciudad Juarez, 14 Jun--The church and religious sects, national and foreign, have been permitted openly to take part in politics and indoctrination against national interests, especially in the farming population and in the state of Chihuahua, particularly, where the clergy has been strengthened, backing a reactionary and anticommunist position encouraged by U.S. interests.

So stated the Coalition of Leftist Parties, formed by PSUM [Unified Socialist Party of Mexico], PRT [Revolutionary Workers Party] and the Democratic Alliance, on referring to the archbishop's booklet edited last 5 June by the Chihuahua diocese and signed by bishop Adalberto Almeida y Merino.

"The church ought to take its hands out of politics and stick to constitutional rights and obligations instead of favoring covertly the National Action Party in its electoral campaign through encouraging support for change, used also in the political campaign of that party under the heading of "Unite for Change."

The foregoing was manifested by the Coalition of Leftist Parties which studied the 5 June document in which bishop Adalberto Almeida orients priests and believers on the upcoming 3 July elections for municipal chairmen and deputies.

The archbishop of Chihuahua recommends in the document that one should vote for the one who is more "open to change" and with a larger number of democratic and social justice values, accomodating that probability to the one the National Action Party proposes in its electoral campaign.

Likewise, Almeida says, "they are incompatible with Christian faith, Marxist collectivism; ideology of national security and capitalist liberalism which offer abysmal social differences among those who have everything and those who lack everything."

The archbishop's document, which ran out of stock completely the first Sunday of its appearance, consists of 25 chapters referring to the duty of

citizen participation in voting. It forms the political catechism which attempts to point out the road the church proposes to its faithful in order to make them aware of their duty to vote, as if it concerned a campaign directed against abstainers who have mounted a strong campaign for the people not to vote, bringing in donkeys with the sign "Chon who is better than any electoral choice," according to propaganda by the Popular Defense Committee and other anticlerical groups in the state.

In his turn, the chairman of the PRI [Institutional Revolutionary Party] municipal committee, Enrique Burgos, was certain that the archbishop Almeida document does not violate the Constitution, nor does it represent a danger in the upcoming elections, since it is a positive document that devotes all of its first part to encouraging the people to vote.

"It is exaggerated to say that the church is participating in politics at this time, it is for that reason that the PRI has not protested, considering that the document was prepared with much care, framed constitutionally in this way so as not to fall prey to governmental attacks," the PRI leader declared.

#### PPS Claims Constitutional Violation

Mexico City UNOMASUNO in Spanish 16 June 83 p 5

[Article by Rene Delgado]

[Text] Yesterday the Permanent Commission of the Congress of the Union rejected the proposal of the Popular Socialist Party (PPS), in the sense of condemning "the reiterated violations of the Constitution on behalf of different ministers of religious cults." The PRI argument for discarding the proposal was--according to Oscar Canton Zetina--that it would be inopportune to condemn a priori supposed violations of the Constitution. However, he indicated that while the Constitution is clear and definite, "in Mexico, clergymen should not be allowed to establish themselves, even by accident".

The debate was started by Hector Ramirez Cuellar of the PPS who, armed with documents, accused, among other clergymen, Bishop Luis Aponte Martinez; the Spanish priest, Alvaro de Portillo, leader of Opus Dei; Bishop Luis Reynoso Cervantes; Bishop Manuel Talamas Camandari; Archbishop Adalberto Almeida Merino of openly participating in political activities and edicts on more than one occasion in connection with political parties like that of National Action.

Basing himself on the arguments he presented--the majority documented at least with press clippings--Ramirez Cuellar made public the decision of his party by denouncing the violations of the Constitution before the Office of the Attorney General of the Republic (PGR) and demanded that the Permanent Commission condemn participation by the clergy in politics and that it warn those persons to stop violating the Constitution.

Considering himself involved in the problem, PAN [National Action Party] member Gerardo Medina pointed out that the PPS member brought to the forum "the same silly trick, just a little more worn," and he emphasized that Ramirez Cuellar only accused a group of ecclesiastics of meddling, knowing that that sector takes part in such activity and not merely supporting a party.

The PAN member indicated that if one did not fall into Manicheism and, if, in reality, one includes all the priests who take part in politics in that kind of responsibilities, no more than two alternatives would be left:

apply Article 130 of the Constitution, or revise that constitutional provision, recognizing that the reasons that brought it about have changed. He pointed out that adoption of one or another option would bring on a wide, spread national and very interesting debate which would throw light on the matter and would avoid "consuming ourselves in opportunistic and Manichean fireworks."

As for himself, Canton Zetina stated that PGR would doubtlessly study the Popular Socialist demand, but that the Permanent Commission would not be able to issue a judgement "giving as conclusive that the Constitution has been violated with open tolerance by the authorities charged with exercising and applying its terms."

Notwithstanding, he emphasized that "while the Constitution may be clear and definite, in Mexico, even by irresolution, political clergy should not be permitted to establish itself on this, our native soil." Consequently, he urged the proposal be rejected.

It was not voted on at that time. Edmundo Jardon from PSUM [Unified Socialist Party of Mexico] arose to speak, stating his argument that the complaint made by PPS be investigated, but emphasized the need for revising the law in that regard. "I agree," he said, "That one should obey the laws, but I do not agree that if a law is inoperative or unjust that one should not fight against it."

Thus, he branded as obsolete that civil rights of clergymen be restricted, "when it is evident that this cannot continue." He added that in the Catholic ecclesiastical hierarchy in Mexico there are 15,000 priests, 7,000 of whom are foreigners and underhandedly participate in politics in our country. "If the respective laws were reformed, beginning with the Constitution," he added, "that would cease to happen."

In order to close the discussion, another PRI member, Patrocinio Gonzalez Garrido, pointed out that "the Constitution is applied with rationality by a government which without fanaticism, in one sense or another, governs for all Mexicans." There were other arguments, but the conclusion was in the sense of rejecting the PPS proposal.

Bishop Clarifies Church's Position

Mexico City EXCELSIOR in Spanish 17 June 83 p 1, 12

[Article by Federico Ortiz, Jr]

[Text] The auxilliary bishop of Mexico, Monsignor Genaro Alamilla, who for 9 consecutive years has served as secretary general of the Mexican Episcopate, told EXCELSIOR yesterday that every man has a natural right to participate in politics. The priest also has the right, but for the politics of safeguarding, promotion and development of the common good.

On being questioned about the PSUM [Unified Socialist Party of Mexico] proposal, backed up by PAN [National Action Party] in the Chamber of Deputies, Mon Alamilla explained that in politics there are two main tendencies: party politics in order to gain power; the other, the politics of safeguarding and development of the common good.

Even with the supposition that this right were not restricted, the priest should not enter into party politics because he has the mission of being a promoter of and center of unity, concord and solidarity, and if he became involved in a party he would automatically be against those active in other parties.

This being an important point, the bishop said, there is a more important one: Article 130 of the Constitution restricts participation as hierarchy of liberty to disseminate its message, using all means of communication. This, he stated, is what should be debated so as to see if this law fits in with the law on respect for human rights promulgated by the United Nations Organization and of which Mexico is a signatory.

Mon Alamilla also showed that the levels of the Church should not be confused. The hierarchy and laity are also the Church. The latter, not in the name of the Church, but certainly in personal matters, has all the right to belong to any political party whatever.

Mexico, Mon Alamilla said, is a modern nation. As such it has a modern Constitution which guards against hurting the exercise of the rights of the human being.

We admit the Church in the past committed errors, mistakes and deviations, but presidents have also done it and they have even sold pieces of territory, but those errors cannot be laid on the current president. Today's bishops, he said, are not held responsible for the past.

9908

CSO: 3248/1032

## ARCHBISHOP DISCUSSES CAUSES OF VIOLENCE

Mexico City EXCELSIOR in Spanish 1 Jul 83 pp 21, 28

[Article by Antonio Garza M.]

[Text] Chihuahua, 30 Jun--The Archbishop of the diocese here, Adalberto Almedia y Merino, says that the causes of the economic crisis from which the nation is suffering are "corruption, egoism, ambition for power and the desire for wealth and its acquisition even though the results are seriously detrimental to the common good."

The calm, robust priest affirmed that the "prevalance of false values and corruption have created animosity, resentment and desperation on the part of the people" which give rise to the acts of violence which have recently occurred.

He stated, "I believe that the situation cannot be resolved unless there is real change, a shift in mentality and attitudes which will lead us unflinching toward a change in the order of things."

Almedia y Merino who is known as an aggressive leader, distributed leaflets among the parishioners of his diocese in which he encourages Christians to vote next Sunday but in which he also states that "the Church feels an obligation and a right to participate in this area of reality because Christianity should evangelize for the human condition including the political aspects."

#### Ambition for Power and Desire for Wealth

In response to a question about the causes of violence, the archbishop said, "I would point to a fundamental cause: injustice and the violation of human rights."

"It should be noted," he said, "that in all of the churches of the diocese, prayers have been said for the souls of our three brothers" killed in Camargo City on Tuesday evening when local Institutional Revolutionary Party [PRI] leaders fired on a group of National Action Party [PAN] militants who were attending a meeting.

Almeida y Merino added, "There are many other causes such as egoism, the ambition for power, and the desire for wealth and its acquisition even though the results are seriously detrimental to the common good."

He said that another important cause is the economic crisis "which the country is suffering as a result of the previously-mentioned causes and which is spreading animosity, resentment and desperation among the people."

Tall, strong and of robust personality, Almeida y Merino has ordered that sermons be delivered from the pulpit urging Catholics to come out and vote and not give in to provocations which might lead to bloodshed.

The archbishop believes that another fundamental cause of violence is the "crisis of values: the absence of truth, sincerity and a patriotic spirit; and on the other hand, the prevalence of negative values which we can express in one word that should embarrass us all, and that is corruption at all levels."

On his desk there are only some papers and a small statue of the Virgen. He reflects with the palms of his hands against his chest and says, "Corruption is a word that embodies all of the negative values which are the root of the evils from which we are suffering. I believe that it is the obligation of all Mexicans and men of good will, especially all those who have decisionmaking power and enjoy a large degree of influence over public opinion, to cooperate with all of our efforts to purge our milieu and root out corruption."

#### Structural Changes

Almeida continues, "If we say that corruption has invaded all levels, I believe that the situation cannot be rectified unless there is real change, a shift in mentality and attitudes which will lead us unfailingly toward a change in the structure of things."

"I also believe that we must put all of our efforts into educating ourselves so that our level of civic and cultural knowledge allows us to vigorously defend our rights as men and Mexicans."

"Of course every right carries with it a corresponding obligation. Therefore that same civic training would allow us to fulfill our community and personal obligations in a responsible manner."

In the leaflet distributed by Almeida y Merino in his diocese along with the recommendation that it be studied in depth on an individual basis or in a group, his main point is that "a responsible, free, respected and majority vote can results in the radical modification of the physiognomy of our country."

Althouth the paper, which includes a prologue by the archbishop of this diocese, denies that the church has its own party and states that the "Church does not want the acquisition or exercise of political power nor wishes to determine the type of governmental system and does not want to enter the democratic game of political parties," it does point out that the Church should participate in the search for "the unity of all God's people" and that it is in the "economic, social and especially the political sphere" where the Church should act, although the priest himself does not have the direct responsibility for the decision, the determination of leadership nor the structuring of such decisions."

9787

CSO: 3248/1081

## FSTSE ANNOUNCES 15 PERCENT SALARY INCREASE

Mexico City UNOMASUNO in Spanish 30 Jun 83 pp 1, 5

[Text] The Trade Unions Federation of Government Workers [FSTSE] announced a 15 percent salary increase for the 600,000 workers subject to the minimum government wage, as well as a monthly increase of from 1,000 to 1,800 pesos in bonuses for the more than one and a half million public servants. In turn, the National Trade Union of Educational Workers [SNTE] reported that with respect to its 800,000 union members, their bonuses would increase by 5, 10 and 15 percent. In both cases, the measure will take effect on 1 July. This benefit will be independent of the annual increase which will be established in September.

The secretary general of FSTSE, German Parra Prado, announced the unfreezing of the basic positions in order to facilitate promotions, and he said that in recognition of the seniority of workers in the public sector, the Civil Service Intersecretarial Commission agreed to increase the quota by 43 percent over a 5-year period beginning with the second semester of the current year.

Parra Prado indicated that it was decided to reduce the more than 20 high cost of living areas in the nation to only 4 where the bonus will be 40, 60, 80 and 100 percent.

German Parra further stated that the Civil Service Intersecretarial Commission also agreed to prepare a clear draft of Article 5 of the Federal Law for Government Workers so that it does not interfere with workers' rights and the sphere of action for unions by detailing the basic and leadership positions.

The FSTSE leader admitted that the increase can help to resolve the economic situation only for workers in the public sector, and he clarified that if the bureaucracy did not enter into negotiations starting with a 50 percent increase, it was because FSTSE took a sensible and prudent position "so as not to look ridiculous" in the eyes of the workers when the percentage was set.

Miranda Castro indicated that she did not know whether or not there was a salary increase of at least 140 percent for directors, assistant directors, leaders and assistant leaders as was claimed by SNTE dissidents. She added that if that claim were true, "it would show great disloyalty toward the nation during these times of crisis."

The FSTSE leader said that for the present, retired persons in the public sector would not benefit from the increases, but that ways in which they can be included in the benefits are under consideration.

German Parra further stated that those percentages were not decided upon by the FSTSE leadership in conjunction with representatives of the federal government but were the result of demands presented by the rank and file workers several months ago. He also added that while dissident groups may not agree with those percentages, a majority of the workers in the public sector are in agreement.

9787

CSO: 3248/1081

## BRIEFS

MORELOS POLITICAL PARTY ALLIANCE--Cuernavaca, 27 Jun--With a goal of establishing different, alternative policies, three state political parties: the Revolutionary Workers Party [PRT], the Mexican Workers Party [PMT] and the Unified Socialist Party of Mexico [PSUM] and 20 other union organizations merged today into a United Front for Popular Action. The spokesperson for the new organization, Flora Guerrero, pointed out that among the principal demands of this front are salary protection, a 100 percent increase in salary for emergency purposes and support for strikes which have broken out; they will also work toward promoting the nationalization of the transportation system and establishing new public opinion forums to make known the true condition of the nation. [Text] [Mexico City UNOMASUNO in Spanish 28 Jun 83 p 3] 9787

CSO: 3248/1081

## PLI ISSUES STATEMENTS AT LIBERAL INTERNATIONAL MEETING

Managua EL NUEVO DIARIO in Spanish 20 Jun 83 p 12

/Text/ The delegation of the Independent Liberal Party (PLI) participating in the 116th meeting of the executive committee of the Liberal International in Toronto, Canada, gave a presentation in which they asked for condemnation of the aggressions against Nicaragua and called on world liberalism to support peace negotiations in Central America.

The presentation was read by Virgilio Godoy, president of the delegation, of which Dr Guillermo Silva and Dr Constantino Pereira are also members.

Following are Excerpts from the Presentation

We want to use this timely occasion to explain and define the unique position of our party within the context of a society which, like that of Nicaragua, is developing a process for transforming its social and economic structure amid adverse conditions. At the same time we should not refrain from emphasizing the close relationship existing between the internal problems faced by Nicaragua and the unjust international structure.

#### Political Pluralism

In the specific case of Nicaragua, its transformation process is directed toward establishing the minimum basis that would facilitate the actual realization of the traditional freedom and the inherent rights of the western societies: schools, universities, health centers and hospitals, progressive development of the sources of production and the development of a political pluralism that is correlative with the functioning of a mixed economy.

We are aware that Nicaragua urgently needs to make an unprecedented effort to mobilize its resources in order to finance public investment programs in areas of priority in its national economy. But financial sources have been slowly drying up. This policy is not right because it encourages radicalization. Consequently we disagree with the punitive measures taken by the Reagan government, the last of which is the reduction of the sugar quota.

## Dialogue and Compromise

The PLI maintains that achieving peace is impossible without dialogue and compromise.

We firmly believe that the problems of our times are of such magnitude that it is not possible to evade the consequences nor to irresponsibly put off adequate solutions.

We believe that in the Central American Region and particularly in Nicaragua, the issue being dealt with is the fundamental problem of the exercise of freedom in society and the right of the latter to self-termination.

## Honduras, Staging Platform of the United States

This situation has produced a crisis, particularly in Honduran-Nicaraguan relations. The situation prevailing at the present time between Honduras and Nicaragua is well known and is becoming more serious and dangerous all the time. Through the designs of the government of the United States of America, Honduras has turned into a military staging platform that is aimed directly at Nicaragua. For its part, the Nicaraguan Government, invoking the legitimate right of self-defense, has armed itself. So we find ourselves facing a gloomy panorama. Central America is a bed of armaments.

## Against Armament

The PLI maintains that the arms race represents the largest monument ever erected to irrationality. Not only does it represent a danger to the survival of the human species, but it also constitutes one of the most serious obstacles to the advancement of economic justice in international relations and--on a national level--an obstruction to the progress of social and economic advances that would nurture the full dignity of mankind.

Thus disarmament represents the surest way to overcome the political forms of authoritarianism, and as its consequence man should recover the inherent right to live in peace.

## The Equality of Nations

We think that the principle of the equality of nations should not be adulterated. We believe that the interdependence of nations should be on mutual respect, and that regarding the relations between highly developed and underdeveloped countries, as in the case of those countries that make up the Central American region, cooperation and economic assistance must become the established and invariable rule.

The current state of Honduran-Nicaraguan relations is highly tense and dangerously explosive. Fortunately the Contadora initiative presents a viable alternative. Nevertheless, two contradictory positions seem to be irreconcilable and are represented by bilateralism and multilateralism in matters of negotiation.

We emphatically affirm that these positions are not mutually exclusive, that rather--if there exists a willingness to talk and a firm wish for peaceful coexistence among nations--both positions will be synthesized to attain a relaxation of tension and the full enjoyment of peace.

We firmly believe in dialogue as a civilized means of settling disagreements.

#### Poverty and Injustice

Finally, we affirm that we are aware of the scope of poverty and injustice. We believe that freedom cannot flourish amidst the ignorance and backwardness that are characteristic of the underdevelopment that the Nicaraguan cause hopes to overcome.

We pledge to struggle for the freedoms of mankind, and at the same time to hold as imperative the elimination of the causes that over the centuries have produced poverty and injustice in Central America.

From the painful situation in which we Central Americans find ourselves we issue an urgent call to all the worthy representatives of world liberalism that from their distinguished positions they act in such a way that peace will prevail in the Central American isthmus.

We are pleading for peace, because through it, relations will be broadened. Many thanks for your attention.

9907

CSO: 3248/1075

## OPPOSITION LEADERS CRITICIZE JGRN PRESENCE IN ANP

Managua LA PRENSA in Spanish 28 Jun 83 pp 1, 8

/Text/ Frank and absolute opposition prevails among the leaders of the political parties of the plains regarding the pretension of the Sandinist front and its supporters in wishing to secure the approval, in the Council of State, of the official policy to the effect that three members of the Junta of the Government of National Reconstruction (JGRN), should also form part of the National Assembly of Parties (ANP), since it appears this way in the proposed Law of Parties being discussed in the Council of State at the present time.

Considering that this matter is of vital importance to national welfare, the newspaper of the Nicaraguans carried out a political survey in which leaders of the opposition expressed their point of view regarding the pretension of the FSLN /Sandinist National Liberation Front/ and its supporters, the purpose of which would be to obtain an absolute majority in the ANP so they can do things their own way.

The first person polled regarding this political matter was Mr Adan Fletes Valle, president of the Social Christian Party (PSC), of whom we asked:

Do you think it all right that the JGRN should be represented in the ANP by three members when the other parties have only one representative?

"We believe that Article 10 has a lot to do with the democratic character of the Law of Political Parties being discussed at the present time in the Council of State; this democratic character would not exist if the criterion of representation of the JGRN were firmly maintained as specified in the proposed law.

"Furthermore," added Mr Fletes, "it is being discussed already whether those two organizations called National Assembly of Parties and National Council of Parties are really necessary, and judging by their functions only the existence of one of them seems necessary, whether it be the Council or the Assembly. This is also something to be discussed, stated Fletes Valle. Then he added:

"We have also pointed out that the articles in the Law of Political Parties that have been approved are not as democratic as the opposition has wished, and we have also said that this law needs substantial reforms if it is to have a

democratic character; at the same time we believe that the discussion of this law in the Council of State, as well as the consistent attitude taken by the representative of the FSLN on some occasions during this discussion, continue to have a positive value.

The president of the Social Christian Party (PSC) stated also that: in this way we also value the consistent contribution offered on some occasions by representatives of the Communist Party and those of the PLI /Independent Liberal Party/. Then he added:

The Law of Parties affects all the parties; those in the Patriotic Front and in the Coordinadora, and those that do not belong to either of these blocks, and this is why the democratic character of this law is not only of interest to the PSC," stated Adan Fletes, "but it is also important for the democratic organizations to recognize that duly guaranteed pluralism is fundamental to their own existence, and /that/ the discussion of this law is being followed closely not only by the Nicaraguans but also by the international organizations such as the International Socialists and the International Social Christians, who have given us their support and made common cause with us and have accepted the original plan of the revolution," added Fletes Valle.

Finally, the Social Christian politician maintained that in the formation of the ANP not even the JGRN should be represented.

For his part, Dr Clemente Guido, head of the Nicaraguan Democratic Conservative Party (PCD), when questioned on the same subject, said:

"The JGRN should not and cannot have representatives in the ANP, precisely because it is not a party, and therefore should not be interfering there; besides, said Dr Clemente Guido, the political parties should have the same number of representatives; no one party should have more representatives than the others in the ANP," he added.

"This organization, the ANP, the council, or whatever it is called, should function like a fourth power in the republic, and it should be autonomous, otherwise, if more powers are included in this organization, it in fact loses autonomy and turns into an organization that is both judge and litigant at the same time.

"In my opinion," said Dr Guido, "the electoral power and all that is part of it should be a fourth power, completely autonomous and absolutely serious and formal, so that there may be confidence and equity," emphasized the representative of the PCD.

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## MINT BREAKS UP 'SOMOZIST' CELL IN OCOTAL; MEMBERS RELEASED

Managua BARRICADA in Spanish 16 Jun 83 p 11

/Text/ Ocotal, (j.R.)--The Ministry of Interior of Region I, Las Segovias, disbanded a cell of the Nicaraguan Democratic Front (FDN), which operated in the urban center of this departmental seat.

This operation was carried out by the MINT (Ministry of Interior) as part of the "Iron Fist Against the Enemy" campaign, which it is pursuing on a national level as a salute to the fourth anniversary of the Sandinist victory.

The FSNL /Sandinist National Liberation Front/ and the MINT publicized the events related to the breakup of the counterrevolutionary cell during a public assembly held in the rooms of the Yelba Maria Antunez School. There they divulged the plans that were to be carried out by that Somozist group.

They also introduced four members of the above-mentioned cell. All four of them were freed, inasmuch as they were not accused of any more serious legal offenses, thus demonstrating the generosity of our Sandinist popular revolution.

The following persons were set free: Roger Peralta, Maribel Cornejo, Gustavo Varela and Zoila Guade, who, along with 14 other individuals, formed the FDN cell operating in Ocotal.

Among the activities to be carried out by this group of counterrevolutionaries were the following: to assassinate the Cuban physicians who are generously providing health services through the internationalist aid that that Caribbean island provides to the Nicaraguan revolution.

Also they were trying to recruit young students from the Leonardo Matute Institute while at the same time doing propaganda work within the city limits and giving logistic support in supplying food for the groups of barbarians that operate along the Honduran border.

They were also planning activities that would provide information on the movements of the armed forces.

Raul Rojas, of the Ministry of Interior, gave detailed information of the work done by this cell, with the purpose of destabilizing the /counterrevolutionary/ process. He mentioned the direct participation of Jose Abraham Rubio, professor of literature in the local institute, who had been gathering residents of Ocotal, whom he was brainwashing in order to carry out the plans of the counterrevolution.

## NEED TO ADOPT NEW EXCHANGE MEASURES UNDERLINED

Asuncion ABC COLOR in Spanish 3 Jul 83 p 10

[Editorial]

[Text] In a document released a few days ago, the Federation of Production, Industry and Commerce (FEPRINCO) has asked the national government to adopt some measures which, in its opinion, are called for by the present economic and exchange situation.

FEPRINCO first asks for a single exchange system for basic exports and imports channeled through the banking system, which would be controlled by the Central Bank. The present system of multiple exchange rates, it claims, "is a powerful incentive for illegal transactions." Then it states that some guarantees should be provided with regard to the exchange rate applied to duly liquidated transactions; that exchange controls on imports should be avoided; that guidelines should be established for the administrative costs charged by banks for commissions and related expenses; that the system under which exchange offices used to operate, on the basis of the exchange rates resulting from the free play of supply and demand, should be reinstated; that "a level of money in circulation more commensurate with current needs" should be achieved by streamlining rediscounts and gradually lowering reserve requirements; and finally, that measures should be taken to ensure that reimbursements overseas take place within the required time periods.

A mere enumeration of the measures requested reveals that a good number of them deal with issues that require prompt and categorical definition, since certain elementary conditions are indispensable so that the work of the nation, which cannot be carried out in an atmosphere of uncertainty, can take place with a modicum of tranquility.

These problems are, without a doubt, a habitual part of any human activity. They have innumerable and often unforeseeable causes, and of course these factors cannot always be dealt with successfully.

Nonetheless, it is also crystal clear that they must be considered with the urgency required by the situation. Without rules to govern difficulties that emerge spontaneously, or with rules subject to sudden variations without a clear general orientation, the nation's work—which is based on organization—

simply cannot be organized. Uncertainty is one of the worst afflictions possible.

At present, however, we are sorely lacking in this area. The Central Bank, the only state entity that has so far seen fit to deal with the economic and exchange situation, appears not to be very strongly affected by its own decisions, because the rest of the government administration responsible for the economy, particularly the Ministries of Industry and Commerce and Finance, shy away from anything resembling guidelines or even the recognition of problems.

This is in no way the reaction demanded by the circumstances, and the country runs the risk that its economic activities, already buffeted about by many different factors, will be unnecessarily damaged further by the uncertainty that now prevails because of the silence and omissions of its economic authorities.

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## STRONGER MEASURES TO FIGHT SMUGGLING TO BE IMPLEMENTED

Asuncion ABC COLOR in Spanish 7 Jul 83 p 8

[Text] The perpetrators, instigators, financiers, beneficiaries and accessories to smuggling are subject to penalties under the law on administrative procedures and the Public Penal Code. As a result of the current economic recession, which has led to various industrial shut-downs and to widespread unemployment, and which is partly caused by the illegal entry of merchandise, the Joint Investigation Commission of the Finance Ministry plans to enforce to the maximum the provisions of Decree-Law No. 71/53, "By means of which the crimes of smuggling are defined and penalized," as one way of providing relief from this difficult situation, the Commission reported.

The results of the campaign to combat "ant" smuggling, which is currently underway, have been viewed as disappointing, since fiscal revenues have not risen any, and because of this the General Customs Office commissioned an official to oversee the work done by the inspectors in Ciudad Presidente Stroessner, in accordance with the data compiled in this collection office.

The repression of small-scale illegal trade has revealed that large-scale smuggling is also going on, while certain officials, customs agents and importers are collaborating to evade taxes, according to the General Customs Office.

The Finance Ministry is studying the possibility of curbing large-scale contraband, and will also look into the constant rotation of customs inspectors, who in one way or another are also implicated with smugglers. The problem with the officials is that most of them are political appointees, and it would be practically impossible to get rid of them, according to the sources consulted.

At the last meeting of the Joint Investigation Commission of the Finance Ministry, ways were studied to maximize enforcement of the provisions of Decree-Law No. 71 of 13 March 1953, "By means of which smuggling crimes are defined and penalized."

Those responsible for the implementation of the anti-smuggling campaign expressed the opinion that the aforementioned decree-law is still in effect, so it should be enforced to the hilt.

The whereas clause of the 1953 decree-law states, among other things, that "smuggling conspires against the general economy of the country and the finances of the state, and especially against healthy and regular commercial activities, so its repression constitutes a social defense of these legal activities."

Smuggling crimes consist of any actions or omissions, operations or transactions that tend to introduce into the country or take from it merchandise or goods of any nature, in violation of the basic requisites established by customs laws and other legislation regulating or prohibiting such importation or exportation, according to the above-mentioned document.

Customs officials consider that the enforcement of Decree-Law No. 71/53 is necessary, because it states clearly that "the collaboration or complicity of public officials or customs agents for the simulation of transactions, falsification or substitution of documents, brands or seals, certificates of privileges and immunities, and illegal permits or authorizations to make possible or facilitate the commission of the crime of smuggling, do not excuse or exculpate the perpetrators, owners or beneficiaries of the contraband."

Customs officials and agents, as principal perpetrators of the crime, are also considered to be subject to the sanctions imposed by the law on administrative procedure and the Penal Code, as provided in Decree-Law No. 71/53.

#### Penalties

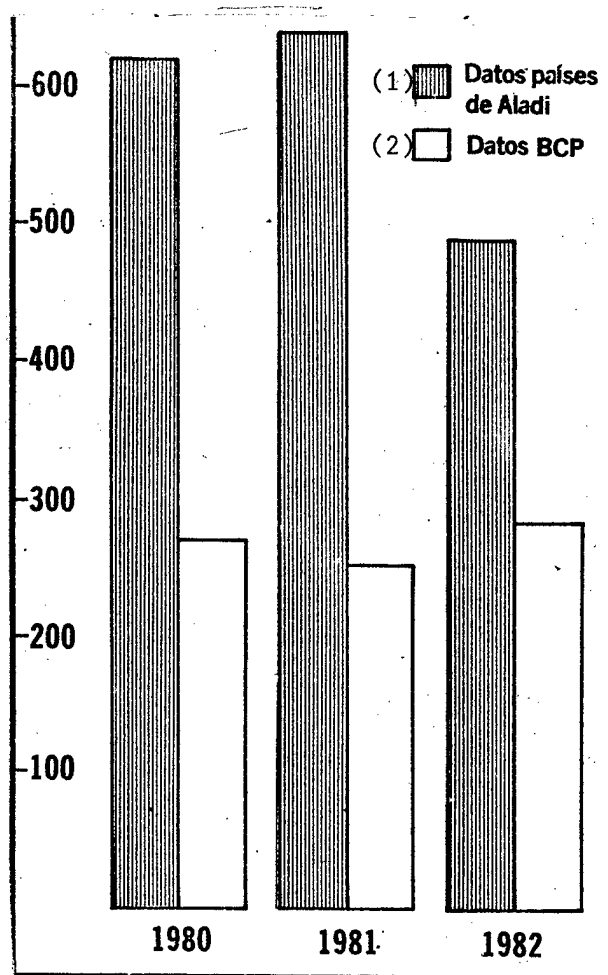
In addition to the administrative sanctions set forth in the Customs Code, the commercial firms that finance or benefit from the smuggling, and the individual perpetrators, accomplices, and accessories are subject to the closure for up to 6 months of the business that carries out, finances or benefits from the illegal trade. The business may also be banned from engaging in export or import trade for 6 months to 2 years.

Independently of the administrative process and investigation, the perpetrators, accomplices and accessories, financiers and beneficiaries of an act of smuggling shall be punished in accordance with the Public Penal code.

Those who participate in smuggling are subject to penalties of 8 days to 2 months in jail, "if the value of the smuggled merchandise and goods does not exceed 2,000 guaranis; if there has been no legal ban on the exportation or importation of said products; or if there was no use of weapons, violence or threats; or if there was no bribery or complicity of public officials, or falsification of documents, seals, brands or labels," according to the provisions of that government regulation.

Decree-Law No 71/53 also states that the penalty of 8 days to 2 months in jail "can be raised to up to 10 years, and cannot be less than 6 years" if it is proven that public officials were involved, that the defendant is a repeat offender, that bands of smugglers were involved, or that documents, signatures or seals were falsified."

Legal and Illegal Paraguayan Imports from ALADI Countries  
(In Millions of Dollars)



Key:

1. ALADI countries data
2. BCP data

This figure compares the statistics on Paraguayan imports from the Latin American Integration Association (ALADI), made up of 11 countries including Paraguay, compiled by two sources: On the one hand, the statistical records of the 10 member countries of that international organization that export various goods to Paraguay; and on the other hand, the statistical records of the Central Bank of Paraguay (BCP), which indicate the imports by our country from the 10 member countries of the regional integration association. The difference between the two records gives an approximate idea of the smuggling that took place during the 3 years in question. The illegal entry of merchandise was truly enormous, judging by the data.

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## PERSPECTIVE FOR INDUSTRIAL DEVELOPMENT ANALYZED

Asuncion ABC COLOR in Spanish 3 Jul 83 pp 4-5

[Text] General Synthesis: In the past 10 years, Paraguayan industry has made considerable advances. In comparison with agriculture, however, its position is modest. Due to several factors, this situation will change only slowly. The future growth and diversification of Paraguayan industry will concentrate on the processing of raw materials of agricultural origin. It is not very likely that (large) enterprises which make intensive use of electricity will be created. At best, this will happen in the case of some small individual projects, at least until the discovery of mineral deposits that can be exploited economically. Overall, the realistic prospects for industrial development are positive. Adequate development measures taken by the government could help guarantee and intensify these promising trends toward success.

The development level of industries and the volume of industrial production have been the most frequently used indicators to determine the degree to which a country is developed.

In this regard, the Paraguayan industrial sector has not been especially significant, in that it contributes only about 16 percent of the gross domestic product, and has about a 5 percent share of exports.

Nonetheless, industries in general employ about 200,000 people, and exhibit an interesting potential for the country's future development. For this reason, the theme of industrial development has always been attractive.

A quite exhaustive and far-reaching study was conducted recently in this country, and will serve as the basis for a Master Plan for Industrial Development in Paraguay. National experts from the public and private sectors participated in the study under the direction of an international technical mission.

The document provides a rather objective and crude diagnosis of the situation, which led to restrictions on the circulation of a major part of the study. The realism of the assessments, however, means that the conclusions merit public dissemination and scrutiny, so that more realistic policies can thus be devised.

Among other aspects, the study undertakes a profound analysis of the problems that affect the sector, such as the serious underutilization of productive capacity, the use of technology that is not always appropriate, the level of employment generated by the sector, and the pernicious effects of smuggling. These factors are as relevant today as they were when the analysis was done, and therefore it can be concluded that policies in this sector have remained relatively static in the face of the clamoring for a dynamic approach to achieve the real development of the industrial sector.

#### Past Development and Current Picture in Industry (Diagnosis of Industrial Development and Analysis of Its Potential)

--In early 1981 Paraguayan industry provided jobs for 204,000 people, of whom 40 percent worked in the textile, clothing and leather industries. Genuine industrial products represented a minimal 5 percent of the country's foreign currency earnings. Considering agricultural, forestry and livestock products that are pre- or semi-processed industrially (such as cotton, vegetable oils, cut lumber and meat products, for example) as well, the industrial sector accounted for 77 percent of all exports.

--Available data on production capacities and their utilization indicate an extremely low rate of usage in small-scale industry (with 5 to 19 employees): 52 percent of these firms use less than a quarter of their capacity; 80 percent use less than half. In the case of larger industrial enterprises (with more than 20 employees), only 26 percent use 50 percent or less of their capacity, while 33 percent of these companies use 50 to 70 percent of their capacity. Nevertheless, 25 percent of the largest enterprises use more than 80 percent of their capacity. The low utilization of capacity by small firms shows that they are over-equipped, and also reveals the existence of reserves that could be used to rationalize production.

--The beverages industry is a high-growth sector. The production of non-alcoholic beverages and beer is expanding rapidly. Wine and liquors, on the other hand, are growing slowly. The most important wine and liquor producer is APAL [expansion unknown].

--Paraguay's textile industry includes cotton gin facilities, spinning mills and textile mills. The raw materials are primarily nationally-produced cotton, and to a lesser extent wool and synthetic fibers. After 7 years of rapid growth, 1980 marked the beginning of a crisis. The largest firm in Pilar (1,500 employees) suffered a drop of 40 percent in sales in 1980, compared to the previous year, mainly as a result of the increased smuggling of textiles from Brazil. Layoffs and part-time work schedules are being implemented in many firms. In addition to the limited market, particularly disadvantageous to the national industry is the growing non-registered trade of textiles from Brazil (2/3 of textile imports are undeclared), which is taking over the Paraguayan market by offering goods produced outside the country at low prices. By its own efforts, the Paraguayan textile industry is not in a position to improve this situation. Production costs are too high (high energy costs, low productivity, large diversity of kinds and types, excessively small quantities of items). The synthetic fabrics preferred by the clothing industry cannot be manufactured at competitive prices due to the high

tariff on foreign inputs. Nor is it attractive to export cotton threads or fabrics, because export duties are higher for cotton fabric than for crude fiber.

—The clothing sector includes some 60 plants, located primarily in Asuncion. The total payroll is 5,000 people. Clothing manufactured by modern companies with cloth, thread and other imported materials is of high quality, and is marketed throughout the country, particularly along the borders. Direct exports to neighboring countries, and traditional indirect exportation through tourism, however, both fell considerably as a result of high prices (an 80 percent customs surcharge on imported inputs). In macroeconomic terms, the national textile industry did not benefit from the expansion of the clothing industry, because the modern clothing manufacturing sector rejects the use of Paraguayan types of cotton (for reasons of quality or style), or uses them only for work clothing.

—The furniture industry is mostly concentrated in Asuncion. There are 10 medium-sized factories (30 to 40 employees), and about 300 artisan-level furniture makers. The large enterprises are well equipped mechanically, and have specialized, skilled workers. Since the work almost exclusively involves solid wood and fine veneers (in other words, there is little use of plywood or particleboard) quality is higher than that of the furniture imported illegally in great quantities. Those familiar with this sector estimate that 200 pieces of furniture are imported each day, frequently made of Paraguayan logs, also exported illegally. Domestic sales are constantly on the rise, and these companies use a high degree of their installed capacity (85 to 100 percent). Due to price factors, however, it will be difficult to continue expanding in the internal market (about 50 percent of the demand is covered by national products), because most of the 400 accessory materials, especially hardware and upholstery materials, are imported at high prices (bearing a customs surcharge of up to 125 percent).

—With a current population of 3 million (approximately 4.1 million in 1990 and 5.4 million by the year 2000), Paraguay is and will continue to be a relatively small market for the sale of industrial goods. Despite the growth in the nominal income of workers, in recent years the people's real buying power has deteriorated. Due to the reduced overall purchasing capacity, Paraguayan spending habits have had a heavy impact on prices. Hence the major importance of imported goods. Because of their low income, many consumers are not in a position to buy domestic merchandise, whose quality is often higher, but which are also more expensive.

—Even if the population grows at the expected rate, in the future Paraguay will continue to be a relatively small domestic market, for the reasons outlined above. Moreover, it remains to be seen whether this additional population will find employment, and thus have sufficient income. Only in that case can buying power and demand for industrial goods be expected to keep pace with population growth.

The development of buying power in the coming years will depend fundamentally on whether appropriate measures are taken to control inflation effectively, to maintain a realistic exchange parity for the guarani (which is overvalued), to

curb illegal imports of industrial goods, to make up for the employment cut-backs at Itaipu by providing more jobs at Yacyreta, to maintain or even increase income from agricultural exports, and to create a climate favorable to the establishment of new industrial firms.

—Another source of raw materials for industry, Paraguay's forestry resources, has declined considerably in the past 5 to 10 years as a consequence of the expansion of agricultural lands, the increased demand for lumber for construction (the Itaipu Dam, and the boom in private construction), and the expansion of foreign demand, particularly in Brazil and Argentina. In early 1981, forests covered only 15 million hectares (10-11 million in dry forests in the Chaco, 3.8 million subtropical forests in the East). Because of expanded clearing operations, the East is the most severely affected region. Experts estimate that if the current rate of forestry exploitation continues in Paraguay, in approximately 25 years its resources will have been exhausted.

—With the exception of certain metallic ores such as clay, limestone, sand, hard and natural stone, to date deposits have barely been explored, and may well turn the mining sector into a major industrial base.

—Practically all the industrial sectors of Paraguay depend on the importation of semi-processed and auxiliary goods. Most noteworthy is the dependence on crude oil and lubricants, which must be imported in their entirety. Only agroindustry is relatively independent in terms of foreign inputs.

—Paraguay's inland situation has an adverse effect on costs. This disadvantage is especially noticeable in goods with a large volume or great weight (cement, construction materials, petroleum, glass), because they become considerably more expensive. Furthermore, the long distances make it necessary to maintain excessively large reserves of raw materials, auxiliary materials and intermediate goods in order to keep freight costs to a minimum.

—More than half of the industrial workers of Paraguay are under 35 years old. One-fourth of them are women. The vast majority of industrial firms (81 percent) employ fewer than five workers. Even in Asuncion, that figure is still 73 percent.

—The labor market for Paraguayan industry is determined primarily by professional training, labor legislation, and labor unions. The main problems of professional training are the following: a lack of farsightedness on the part of students and businessmen, a lack of standardization among the various training levels, degrees and curricula, high drop-out rates, and strong competition by private training courses that are more in tune with the changing market situation, even though in some cases they are of lower quality. Industrialists claim that deficient training represents a major bottleneck in the labor market.

—Conversations with workers and union officials, carried out at private firms and at the Ministry of Justice and Labor, reveal the following picture of the present labor market in Paraguay: existing problems reflect a gap between legal norms and reality. The detailed studies required by law concerning the cost of living as a basis for wage adjustments, have not been conducted or, if

they exist, are completely unrealistic. The youngest workers without dependents are given preference in hiring, a fact which can be verified by analyzing the age structure of industrial employees. There are cases of vacation time being waived as a result of informal production stimuli. Employees' work schedules exceed the legal limits. Strikes, if carried out at all, are in the form of sit-downs or the refusal to wear uniforms or badges issued by the company. The damages demanded in cases of arbitrary or untimely dismissals have not always been paid. Often women are hired as unskilled laborers, and thus earn less than men. Because of the lack of union controls, unjustified firings are common in the field; likewise, current labor legislation is not well enforced, especially in agroindustry.

—The most important tool now available to promote investment is felt to be Law 550.75, on the promotion of investments. It entails many tax benefits for investments, but it makes no mention of investment financing. On the other hand, so far Paraguay has not implemented any development program oriented toward the needs of industry. Measures for direct support to individual companies, in the form of training aid, technical and economic consultation or aid for production, do not even exist, or are applied in exceptional cases. As a result of interviews with businessmen and their representatives in professional associations, and after analyzing the available data, it can be observed that Paraguayan industrialists are very willing to invest. Investment capacity is heavily restricted by the lack of financing possibilities and by harsh credit conditions, as well as poor market conditions in some sectors.

—As a general rule, merchants and bankers are not interested in undertaking industrial investments. Profits are considerably higher in commerce than in industry, the risk is lower and the return of capital quicker. Normally banks do not own shares in industrial enterprises. Often the respective quotas of capital or shares are possessed by a handful of founding partners (generally members of a family). The free capital market plays no role as an instrument for financing. Banks are solely grantors of loans.

—Various problems have had a negative impact on the growth of Paraguayan industry so far, and will affect its future development. They consist of unchangeable characteristics (such as the size of the domestic market, geographic location, and the better economic conditions of neighboring countries Brazil and Argentina), and, to a certain extent, situations over which there is some control (taxes on foreign trade, financing difficulties, the training situation, the lack of specialized manpower and of management personnel, and a fundamentally negative factor, the problem of illegal imports and exports that damage national industry).

—With few exceptions, Paraguayan industries are suffering from a low utilization of capacity. Often investments needed to improve productivity, and therefore competitiveness, are not made. The costs of local products are too high compared to imports. According to many banking experts, this is certainly due, even though to a small degree, to the overvaluation of the guarani on the foreign exchange market. Only a few enterprises have enough investment capital or credit. The available money in the country is invested in speculative businesses (land, buildings) or commerce, rather than industry. Through

the current tax structure for imports and exports, and because of the tolerance of large amounts of non-registered imports, the state is losing considerable financial resources and is damaging national industry. The statistical data are not reliable, and distort the true picture of the Paraguayan economy, because many imports and exports are not registered. Competition on domestic markets is skewed to the disadvantage of national goods, because of non-registered imports. Many foreigners, under these circumstances, decline to invest in Paraguay.

#### Future Possibilities for Industrial Development (Recommendations)

—The future possibilities for industrial development in Paraguay (production potential) have been deduced on the basis of import substitution, the utilization of resources, and the results of large state projects. Because of the country's small population, and in keeping with an extremely modest level of economic activity, many economic sectors are so small that their development cannot be predicted on the basis of the usual procedures. This is especially true of the industrial sector. This modus operandi is based on the reasoning that a country the size of Paraguay cannot try to achieve an industrial structure capable of covering all areas of industry, but should seek production potential in a directed way so that areas can be established in which the profitability of one or more projects can be analyzed.

—Paraguay's industrial goals are sectorial. They are at the same level as those of agriculture, services, and the infrastructure. All sectorial goals should be compatible with the basic goals. For this reason, the country's industrial development has basically the same objectives as overall economic development.

Independence and politics: To achieve this goal, industry can serve as a foundation only in the medium term, for example by creating jobs and generating additional income, and thereby contributing to political stability and avoiding social conflicts.

Accelerated growth of the GDP: For industry to make a major contribution in this regard, accelerated growth of wages and profits must be achieved. This requires a rapid increase in the number of employees, and as a consequence, the implementation of labor-intensive production procedures.

More equitable distribution of income: Because in industry average wages are generally higher than in agriculture, the development of industry could improve the income situation of the lower strata.

Creation of a high level of employment, decentralization of economic activities, creation of growth nuclei, and more intensive utilization of natural resources.

—The general strategies for industrial development that are most often discussed are these: balanced growth, imbalanced growth, the promotion of exports, and the substitution of imports. The strategy of balanced growth requires a balanced expansion of all the economic sectors of a country. The

expansion of national markets should spur investment. This is not feasible in Paraguay, because there are not enough resources to undertake the simultaneous expansion of all economic sectors. The strategy of imbalanced growth is based on the premise that the true cause of the investment shortage could lie in the lack of business qualifications. This strategy entails the controlled promotion of certain industrial sectors, thereby obliging businessmen to invest in other industrial sectors. This strategy is also unfeasible in Paraguay.

--The strategy of promoting exports assumes that the country's products are capable of competing on world markets. Basically, for all industrial goods, the assumption is that exportable products are normally those that have been produced for the local market for some time (willingness to invest by businessmen, quality of product). Giving due consideration to the availability of resources in Paraguay, in the foreseeable future it will be possible to export only processed goods of agricultural or forestry origin. The conditions are relatively favorable here. For the exportation of products whose processing requires intensive use of energy, however, this strategy does not seem very likely. The lack of local deposits and markets, complex production procedures with high economies of scale and strong patent protection, enormous demands for management, low employment requirements and extremely high investment requirements, militate against such production. The import substitution strategy requires that the domestic market for the products in question be broad enough so that the corresponding capacity, meeting minimum technical and economic standards, can be utilized. In Paraguay, this condition is met only in the case of a few industrial goods, because the market is so limited.

--In view of the above, for Paraguay the following strategies for industrialization would appear appropriate:

Due to the limitations of the domestic market and the difficulty in exporting, it is possible to produce only a relatively small number of industrial products, most of them based on materials from the agriculture, livestock and forestry sectors.

The low degree of industrial diversification that is observed at present creates the need to import many goods, especially capital goods and durable consumer items.

For the financing of imports, foreign currency income must be obtained through exports. For this reason, a strategy directed at encouraging exports from Paraguay must be devised. Exportable goods are especially those based on agricultural, livestock and forestry resources in the country.

Import substitution can be undertaken in a relatively restricted manner, based primarily on agricultural, forestry and livestock resources.

Due to the kind of products involved in promoting exports and substituting imports, the linkage effects are minimal. For this reason, even in the long run it will be difficult to diversify industrial production on a large scale. Because the domestic market is limited and for technical and economic reasons, it would not be appropriate to implement this idea.

--As for tariff policy, it is very important for Paraguay to differentiate between the fiscal arguments (Finance Ministry) and the arguments for industrial promotion (Ministry of Industry and Commerce). The most important non-fiscal argument is undoubtedly the protection of domestic industry from foreign competition. To enhance the competitive capacity of Paraguayan industry on the domestic market, the customs tariff should be set at such a level that the importation of goods that could be produced in Paraguay should cancel out a customs tariff higher than the present one. On the other hand, customs duties that increase the price of the imported raw materials, secondary inputs and production inputs that cannot be produced in the country, should be reduced, and completely eliminated in the case of industrial products that are suffering from strong competition from imports. The exportation of industrial products, particularly processed goods, from Paraguay should be entirely duty-free, which would promote or intensify the processing of local materials. In any case, here also care should be taken to genuinely enforce the laws passed by the government. One important aspect of the design of customs tariffs that favors industry is the elimination of administrative obstacles to importers. Tax incentives are another indirect means of promoting industry that the Paraguayan Government has at its disposal, although here the modifications are not at all as urgent as in the area of customs tariffs.

--Credit policy measures designed to promote industry in Paraguay consist primarily of state subsidies for the payment of interest, granted through the establishment of a development fund. This makes up for the competitive disadvantages of industrial firms with respect to exporters, in trying to obtain credit. Other such measures include the creation of loan guarantee funds; the establishment of a state compensation fund to cushion farmers as much as possible from the fluctuations of prices on world markets, since they are the principal suppliers of raw materials for industry; and the modification of the regulations governing the National Development Bank (BNF), allowing it to extend loans for the production of (capital) goods in national industry. Until now these goods have been imported, but they could also be manufactured in Paraguay. Another measure would be to extend the terms of the loans granted by private banks, in order to facilitate the financing of new investments and replacement investments.

--An important measure for promoting industrial development consists of intensifying purchases by the government of industrial goods manufactured in the country. Here the guiding principle should be the competitive capacity of local markets with respect to foreign products, in terms of quality as well as prices.

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END